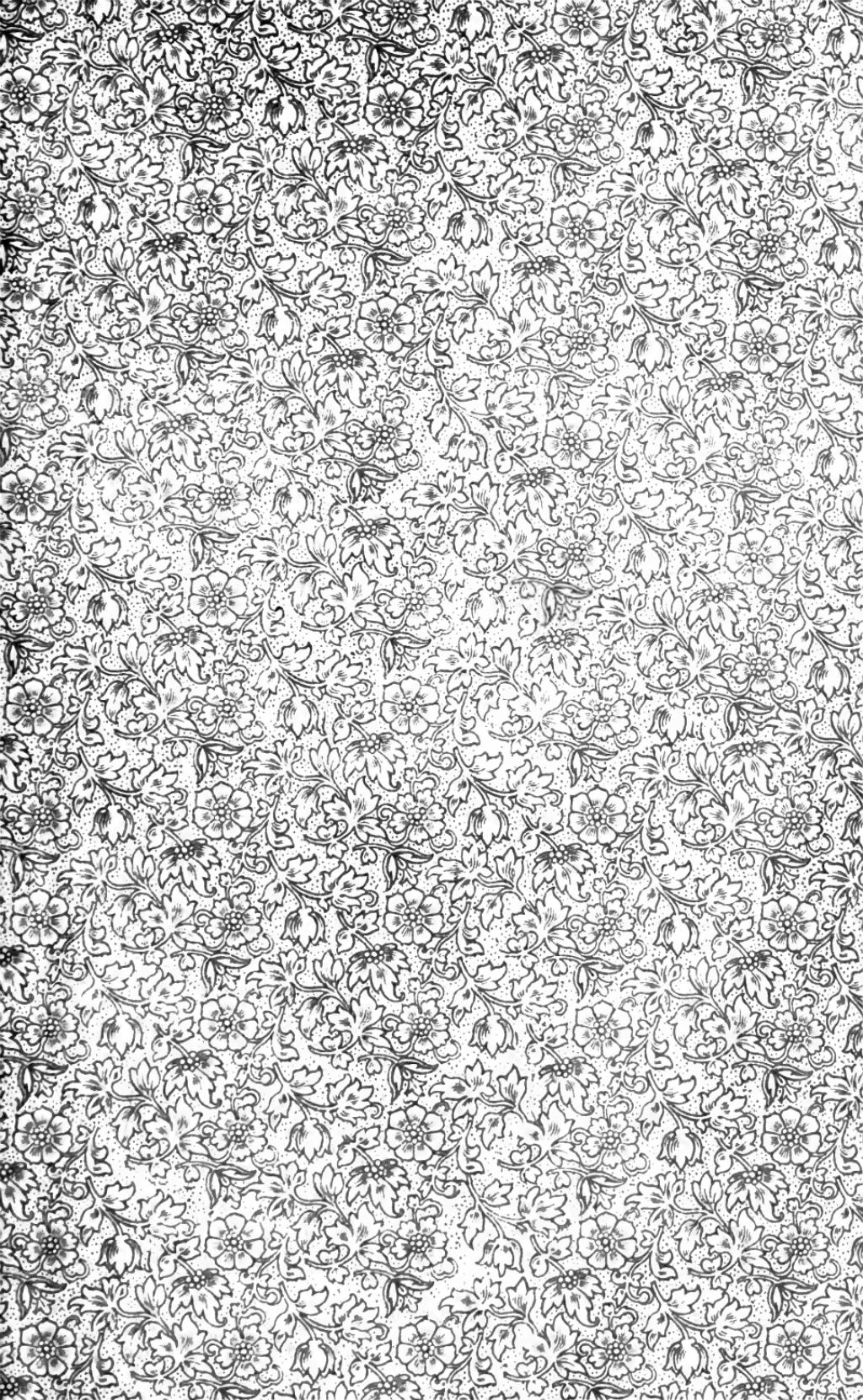


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CONFIDENTIAL

PROCEEDINGS

— OF THE —

Trans-Continental

ASSOCIATION

GENERAL MEETING

SAN FRANCISCO, JANUARY 12 TO 22

1885



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PROCEEDINGS OF MEETING.



TRANS-CONTINENTAL ASSOCIATION,
(General Meeting,) *Palace Hotel,*
SAN FRANCISCO, Jan. 12, 1885.}

Meeting convened at 2.30 p. m.

The following roads were represented:

Atchison, Topeka & Santa Fé,	-	$\left\{ \begin{array}{l} \text{J. F. GODDARD.} \\ \text{J. S. LEEDS.} \\ \text{W. F. WHITE.} \end{array} \right.$
Atlantic & Pacific,	- - - - -	G. W. RISTINE.
Burlington & Missouri River,	-	$\left\{ \begin{array}{l} \text{THOS. MILLER.} \\ \text{P. S. EUSTIS.} \end{array} \right.$
Central Pacific,	- - - - -	$\left\{ \begin{array}{l} \text{A. N. TOWNE.} \\ \text{J. C. STUBBS.} \\ \text{R. GRAY.} \end{array} \right.$
Denver & Rio Grande,	- - - - -	S. K. HOOPER.
Denver & Rio Grande Western,	- -	S. W. ECCLES.
Galveston, Harrisburg & San Antonio,	-	$\left\{ \begin{array}{l} \text{A. N. TOWNE.} \\ \text{J. C. STUBBS.} \end{array} \right.$
Northern Pacific,	- - - - -	$\left\{ \begin{array}{l} \text{T. F. OAKES.} \\ \text{J. M. HANNAFORD.} \\ \text{CHAS. S. FEE.} \end{array} \right.$
Oregon Railway & Navigation,	- -	$\left\{ \begin{array}{l} \text{C. H. PRESCOTT.} \\ \text{J. MUIR.} \\ \text{A. L. STOKES.} \end{array} \right.$
Southern Pacific,	- - - - -	$\left\{ \begin{array}{l} \text{A. N. TOWNE.} \\ \text{J. C. STUBBS.} \\ \text{R. GRAY.} \end{array} \right.$
Texas & Pacific,	- - - - -	H. B. SMITH, JR.
Union Pacific,	- - - - -	$\left\{ \begin{array}{l} \text{T. L. KIMBALL.} \\ \text{P. P. SHELBY.} \\ \text{C. S. STEBBINS.} \\ \text{J. W. MORSE.} \end{array} \right.$

L. G. CANNON,
Acting Commissioner.

Commissioner's remarks.

The COMMISSIONER—In adjourning the Chicago meeting to this point, many important matters were left over for disposition here. Among others I might mention the question of percentages, the allotment by the Arbitrator appointed at the October meeting not being acceptable to several of the members for continuance beyond December 31st, also the election of a Commissioner. We will take up whatever you may determine the most important to dispose of first. I might add, also, that a reorganization of the Association was contemplated. This, I do not think, can be accomplished effectively and successfully until you agree upon a redistribution of the revenue. I think that subject should receive your first attention. It seems to me that if you agree to make a pool upon percentages which are to be operative from January 1st, you would have a good ground to work upon, otherwise I do not see that the taking up of other matters would do any particular good. What do you think about this, Mr. Towne?

Mr. TOWNE—While there are others here who can judge of the situation probably better than myself, the proposition would seem to me as a good one. I think, that with the percentages disposed of, other matters would be much easier to handle.

P. M. S. S.
rates for 1884
continued
until January 20.

Mr. STUBBS—I have a matter which should receive immediate attention. You all understand that the old rates—that is, the rates prevailing previous to December 31st, by Pacific Mail, were continued until the sailing of the steamer of January 10th. No provision for such business has been made beyond that date.

I move that these rates be continued until and including the steamer of January 20th, 1885.

Seconded by Mr. KIMBALL.

Adopted.

Mr. GODDARD—Mr. Chairman, I think there may be some here who would like to understand fully the situation as re-

gards our relations with the Trunk Lines. Mr. Stubbs, subsequent to our Chicago meeting, had a conference with the representatives of these lines, and, for myself, am somewhat in the dark as to the result, although I have received some indirect information. Probably Mr. Stubbs will give us a little light upon the subject.

Mr. MORSE—Is the Burlington and Missouri River represented here to-day?

The COMMISSIONER—They are not represented to-day.

Mr. TOWNE—Do you understand that they are to be present during this session?

The COMMISSIONER—I would state that I am in receipt of advice to the effect that Messrs. Miller and Eustis are en route, but are twelve hours late; therefore, we can hardly expect their presence before to-morrow morning.

Mr. STUBBS—The Trunk Lines have agreed to adopt the tariff of January 1st, but refuse to become parties to any special contracts. I tried my best to argue the question, but they all said that the argument was stale. While they treated me with every courtesy, they did not wish to do it. They preferred to try it a year without any contracts. They further said that while they preferred that no contracts should be made, still they would not object if their western connections joined with us in making contracts. They made as a condition to that, that the "Sunset Route" should maintain rates, and should not enter the territory west of New York, Philadelphia and Baltimore; all Coast points east of that are open to the "Sunset Route." The New England lines, although they received a communication, and indeed a recommendation, from the Trunk Lines, to adopt this tariff, ignored the recommendation, and passed a resolution that, having had experience with the California business, they proposed, on and after January 1st, to charge their local rates to Chicago. The Trunk Lines, after making their agreement with me, said they would take the matter up with

Mr. Stubbs' report on Trunk Lines' position as to special rates

the New England lines, and try and persuade them to adopt the tariff, but did not think that they could do it for eight or ten days. I agreed, or they suggested, that I should go and see the New England Committee, which I did, and after two or three hours' talk they passed a resolution to the effect that owing to the assurances of Mr. Stubbs, that the "Sunset" would maintain rates, they would adopt the tariff. That leaves all New England open to the "Sunset," just as it was before.

Mr. RISTINE—Mr. Stubbs, the Trunk Lines had agreed to this tariff when I left New York. It was understood that I should publish it.

Mr. STUBBS—I have not the Minutes with me, but I have at my office a transcript of the entire conversation. I made the point with Mr. Hayden, who did most of the talking, that you had sent a telegram to Mr. Guilford, pressing that they adopt this tariff until January 31, and that you had received a dispatch from Mr. Guilford, saying either that the Trunk Lines would, or he thought they would. They then called my attention to the fact, that another telegram had been sent, saying as they understood that Mr. Stubbs was to be in New York on Monday, they proposed to wait his arrival before giving definite answers.

Mr. RISTINE—The telegram was never received.

Mr. STUBBS—They took the position that they did not agree to anything.

Mr. RISTINE—They did not as a body, but after the meeting on Saturday afternoon, Mr. Midgley, and I believe Messrs. Goddard and Haunaford, with myself interviewed Mr. Guilford upon the situation, and I asked Mr. G. particularly as to their position regarding the new tariff, and suggested that we had better go ahead and print the tariff, he replied, "Yes, you had better go ahead."

Mr. STUBBS—They assumed the position, and I have the record, that they had made no agreement whatever.

Mr. RISTINE—I merely raised the point to see whether they had changed their minds since we were there.

Mr. STUBBS—I think probably the telegram referred to arrived after you had left.

Mr. RISTINE—I certainly never received it.

Mr. STUBBS—Now, Mr. Commissioner, I think it would be in order before going any further, for the Association to determine whether they will undertake to secure the assent of the Middle and Western States Lines and the Pacific Coast Association Lines, and determine whether our own lines shall make contracts on the original basis, that is with a few of the large jobbers on a per centage or discount basis.

Subject of
special rates
Pittsburgh
and west.

The COMMISSIONER—That is from Pittsburgh and west.

Mr. STUBBS—Independent of the Trunk Lines, whether it would be expedient to do so or not, and while I bring that before the Association, I want it clearly and definitely understood that the Central Pacific does not “care a rush” what you do about it, notwithstanding what the newspapers say.

The COMMISSIONER—I would like to ask whether Mr. Stubbs thinks that everything has been done with the Trunk Lines that can be done.

Mr. STUBBS—I do. I would not waste five minutes in discussing the matter with *them*.

The COMMISSIONER—I notice about 45 per cent. of the business emanates from New York and common points.

Mr. STUBBS—My impression is, that the best way to treat them now is to go ahead. They were evidently determined not to join in any special contracts, believing that it hardly paid them for the confusion in their accounts, incident to this manner of conducting the business, and I think we had better go ahead and ignore them in this matter; indeed, make no special contracts on Atlantic Coast business, and let the few months that are to follow determine who was right, the Trans-Continental or the Trunk Lines. While

they profess to think very little of the California business, when they see a large volume of freight leaving the lines and going round Cape Horn, as I think they will, it will be an easy matter for us to go to them and say, "This is the result." In order to get the business we must make some special rates, and while it is going to make it an expensive experiment I see no other way to handle it.

The COMMISSIONER—Mr. Kimball, I would like an expression from you on this point, if you please.

Mr. KIMBALL—I think all understand my views upon the general question of special contracts. I have always been in favor of making them, and have seen no reason yet for changing my views, but, as Mr. Stubbs says, the position of the Trunk Lines has been taken—they are opposed to this manner of doing the business, and my advices from the Pacific Coast Association show that those Associated Lines are in perfect accord with the Trunk Lines on that question, and I think that we should consider, from this time on, that special contracts are abandoned. We shall learn a lesson inside of six months, certainly inside of twelve, that we have made a mistake, and that the experience of the Central and Union Pacific roads, in handling this business from Coast to Coast, should have been taken for something by this Association, and by the lines east of us; but we are willing to go into the boat with the rest of you and make a trial.

The COMMISSIONER—Mr. Goddard, I should like to hear from you on this point.

Mr. GODDARD—My understanding of the situation, as stated by Mr. Stubbs, is this: The Trunk Lines start out by stating that they will not be parties to any special contracts. Then you have their statement that if intermediate lines wish to join in them they would not object. Is not that their position, Mr. Stubbs?

Mr. STUBBS—I do not think I stated it in that way. I said that the Trunk Lines would not become parties to any

Position of
Eastern
Lines on
special rates

special contracts; that they preferred that no special contracts should be made; that is, by any portion of the line, but that all parties to the through line should adhere rigidly to the tariff; yet, if their western connections wished to join the Trans-Continental Lines in making special contracts, which would not involve them in the rebates, require them, the Trunk Lines, to bear any portion of them, they would not object, that is, they would make that much of a concession, from their desire that no contracts should be made whatever.

Mr. GODDARD—I thought they left it optional with the intermediate lines?

Mr. STUBBS—They will not pay one cent off the published tariff rates.

Upon request, the COMMISSIONER read the following telegram:

“NEW YORK, December 30, 1884.

G. W. Ristine, San Francisco:

We have to-day agreed with Mr. Stubbs to put in effect, January 1st, the proposed tariff of through rates from New York, Philadelphia and Baltimore to Pacific Coast. No special contracts to be made. No pool agreed upon. ‘Sunset’ to be excluded from all interior points, west of points named. Mr. Stubbs will go to Boston to confer with New England roads regarding traffic from points east of New York, these roads having signified their desire to deal with the question themselves. The Trunk Lines did not feel at liberty to act as to traffic from that territory.

(Signed) N. GUILFORD.”

Telegram
from Trunk
Lines re.
T. C. A.
Classifica-
tion and
Tariff No. 1,
in effect
Jan. 1, 1885.

Mr. STUBBS—They had written up, and their advice to the New England Executive Committee was to the effect that no contracts were to be made. Mr. Guilford had that impression, that I agreed for the Trans-Continental Association that no contracts should be made by any of the lines. I called for the stenographer, and had him go over his notes, and he found that I had drawn out of Mr. Hayden the admission that if the lines west of the Trunk Lines’ western termini wished to join with us in any contracts, they would not object. In every other respect Mr. Guilford’s statement is correct.



Position of
A. T. & S.
F., on Gen-
eral Con-
tract plan.

Mr. GODDARD—In answer to your question, Mr. Chairman, the position of our company has been pretty clearly defined in the past. When our line was opened to California, and conference was held in San Francisco between the representatives of the Union Pacific, the Central Pacific and myself, to determine upon the plan to be adopted for the following year. I then said, and do not hesitate to say now, that I oppose the general contract plan. I have been opposed to this basis for the conduct of Pacific Coast business ever since, but always expressing the thought that it was necessary to make a certain number of special contracts. We have given due deference to the experience of the older roads in this matter, and after discussing the subject each year, as the record shows, this system of handling the business has been continued in the old way, upon the old basis up to the present time. There are many arguments on both sides of the question, but I still think to-day, in consonance with my expressions in the past, that a few special contracts should be made. I do not, however, believe that it is the best policy, or will bring the greatest revenue, to foster a continuance of the general plan.

Mr. STUBBS—As I understood it, our meeting in October settled that question; that as a general plan the system of contracting was abandoned; that we agreed to make a few, compared with the 2200 or 2300 we had previously; that we recommended that plan to the Pacific Coast Association, and they agreed to it; that we recommended that plan to the representatives of the Middle and Western States Association, and that they agreed to it; that we recommended this plan to the Trunk Lines, and that they refused to agree to it. Now, the question as raised by Mr. Kimball, or perhaps suggested by myself, is whether, in view of the action of the Trunk Lines, we should resolve that we will have no special contracts from Atlantic Coast or from any other points, and work this year squarely on the open tariff.

Mr. TOWNE—If so much of the business comes from the interior, why should we be so much dependent upon the

Trunk Lines? A very large tonnage coming to this coast, originates at the interior points, Pittsburgh, Buffalo and west thereof, in which the Trunk Lines have no voice.

The COMMISSIONER — In answer to that question, Mr. Towne, we have prepared a statement of the business for the month of October. We have never made showing in this manner before, but it has been a necessity on account of the accounting under the pool. The percentages of tonnage and revenue from the different points stand as follows:

Percentages
of tonnage
and revenue
for October.

From New York and common points.	Tonnage, 38.31	Revenue, 45.59
“ Pittsburgh “ “ “	12.52	“ 8.27
“ Cleveland “ “ “	8.77	“ 5.48
“ Cincinnati “ “ “	11.26	“ 10.68
“ Chicago “ “ “	16.37	“ 17.40
“ St. Louis } and New Orleans }	8.58	“ 7.36
“ Missouri River common points.	4.19	“ 5.22

Mr. TOWNE — What percentage do you calculate as from New York?

The COMMISSIONER — Tonnage, 38.31 from New York and common points.

Mr. TOWNE — What percentage do you determine as coming from New York proper?

The COMMISSIONER — I cannot say. The tonnage subject to direct water competition is 38.31, which leaves 61.69 from Pittsburgh and west thereof.

Mr. STUBBS — That leaves 61.69 subject to special contracts. I understood Mr. Kimball to say that his advices from the rail connections of the Union Pacific are that since the Trunk Lines refuse to make special contracts, they also refuse. I don't know, therefore, that we have anything to talk about. What are the percentages East-bound for October?

The COMMISSIONER—

To New York and common points	Tonnage, 26.98	Revenue, 31.78
“ Pittsburgh “ “ “	“ 1.36	“ 1 53
“ Cleveland “ “ “	“ 0.35	“ 0.42
“ Cincinnati “ “ “	“ 4.20	“ 5.99
“ Chicago “ “ “	“ 34.25	“ 30.21
“ St. Louis & { New Orleans } “ “	“ 10.80	“ 12.68
“ Missouri River common points	“ 22.06	“ 17.39

Mr. RISTINE—Mr. Stubbs, did you see Mr. Midgley on your return?

Mr. STUBBS—I did not get an opportunity to see him.

Mr. RISTINE—Mr. Shelby, have you?

Mr. SHELBY—I have not.

Mr. RISTINE—Mr. Kimball?

Mr. KIMBALL—No, sir, but have seen parties that have seen him.

Mr. STUBBS offered the following:

Plan of procedure.

Whereas, it has been suggested by the Acting Commissioner that it would be better first to distribute the revenue which is proposed to be pooled, be it resolved that the plan of procedure shall be to—

Terms of territorial division between the Northern and Southern Lines.

First—Determine the terms of territorial division between the Northern Pacific, Oregon Railway & Navigation and Oregon Short Line Companies on the one hand, and the balance of the members of the Association on the other hand.

Two pools to be formed.

Second—That after said territorial division shall have been made, two pools shall be formed—one to consist of the lines or companies, members of this Association connecting with the Central Pacific R. R. at Ogden, the Atlantic & Pacific R. R. at Albuquerque, and the Southern Pacific R. R. at Deming and El Paso respectively; the other to be composed of the Central Pacific, Atlantic & Pacific and the Southern Pacific companies.

Roads composing Eastern pool.

Roads composing Western pool.

Mr. STUBBS—My object in introducing that resolution is to simplify the question of distribution of the revenue. By it we will avoid all the complications that evidently floored Mr. Tucker in his consideration of the question. I do not think there is any question but what the Central, Southern and Atlantic & Pacific Companies can agree as to what is a fair division as between them.

Mr. RISTINE—Would it not be better to defer discussion of that proposition until the arrival of the B. & M. representatives?

The COMMISSIONER—I might state in this connection that I have a statement of freight earnings for the month of October under the Pool, which, when the Association is ready to consider the question of percentages, I would be glad to present, if so desired. It would be utterly impossible to collect sufficient passenger data to make a similar statement.

Statement
of Freight
Pool earn-
ings for Oc-
tober.

Mr. TOWNE—What was your last month's statement of Passenger business?

The COMMISSIONER—July. For Freight we have October.

Mr. SHELBY—We have not received September yet on Freight.

The COMMISSIONER—It went forward to your office several days ago.

Mr. STUBBS—I offer this resolution for consideration as to whether it would not be the best way to settle it.

An informal discussion occurred upon the question of the resolution.

Mr. STUBBS stated that it was desired to make the pools independent; that as it existed at the present time, the terminal lines were forced to pay over money to eastern connections—lines which could not be considered as competitive with the terminal companies—and claimed that, consequently, the companies represented by him had suffered an enormous and unreasonable loss.

The COMMISSIONER—The resolution is not seconded.

Mr. STUBBS—The Central Pacific will submit it, and the Southern Pacific will second it.

Mr. GODDARD—Mr. Chairman, it seems to me that this resolution is one that requires consideration. We do not

want to vote upon this proposition hastily, and while I am as anxious as any one to get through with this work and return home, I would like time for its consideration.

Mr. STUBBS—Cannot each one take a copy of it to-night? I do not ask for its immediate discussion.

It was ordered that copies be prepared.

Mr. KIMBALL—I would make a suggestion, that as every member of this Association will be interviewed by representatives of your local press, that we have it understood that no information regarding the actions of this meeting or discussions which may take place in our meeting shall be given to the press, except through the presiding officer. I make that as a motion, adding that the presiding officer shall exercise his judgment as to what matter shall be communicated to them.

Seconded by Mr. RISTINE.

Adopted.

Adjourned until 9.30 a. m.

TUESDAY, January 13, 1885—Morning Session.

Meeting convened at 10 a. m.

All members represented.

Commissioner's remarks.

Shall special Orange rate apply to St. Paul?

The COMMISSIONER—I would like to present a matter which should receive your immediate attention. Regarding the rates on Oranges east-bound—there are several cars of that class of business in transit for St. Paul. There was made at the last meeting of the Association a rate of \$1.00 per 100 pounds from California terminals to Missouri River points. Now, the question arises, does that rate apply to St. Paul? The special was issued by the Commissioner's Office, as applying from California terminals to "Missouri River points," and not to "Missouri River common points." The question which presents itself now is as to whether St. Paul was intended to be included.

Mr. RISTINE—I do not see why it should not apply to St. Paul. St. Paul takes the Missouri River rate. The agreement covers this.

Mr. GRAY—There seems to be a question as to the roads accepting the rate.

Mr. RISTINE—They have submitted a proposition to make Omaha rates to St. Paul, based on Chicago divisions.

The COMMISSIONER—As the special is now issued it would not cover St. Paul; it would not cover Houston or Galveston. It should have been issued, "Missouri River common points," in which case it would have covered those points.

Mr. RISTINE—It is understood that the term "Missouri River points" covers Galveston, Houston and St. Paul, I take it; but when you say "Missouri River common points," it may affect some points which take an arbitrary on in order to take Missouri River rates.

Mr. STUBBS—Mr. Commissioner, as a preliminary matter I will say that I have a dispatch from Mr. Olds, saying that their agent here, Mr. H. B. Smith, Jr., will represent them in this meeting, and asking me to give him advice. I now move

H. B. Smith,
Jr., to repre-
sent the T. &
P. Ry.

That Mr. Smith be admitted as the representative of the Texas & Pacific Company.

Seconded by Mr. GODDARD.

Adopted.

The COMMISSIONER—We will consider the Orange rate as applying to St. Paul. What do you say, Mr. Stubbs?

Mr. STUBBS—I understood that it applied to Kansas City, Omaha and common points. I cannot recall exactly the wording of it, but presume that the Minutes would be conclusive as to that, and at the same time, as I recollect it, the Commissioner was to undertake to get that rate to Chicago and St. Louis.

Orange rate
to apply to
St. Paul.

Mr. GODDARD—I am not sure, but it seems to me that St. Paul ought to be admitted to the rate.

Mr. RISTINE—I should say so.

Agreed.

The COMMISSIONER—Shall we take up the unfinished business of yesterday? Are there any other matters which require immediate action?

Informal discussion.

Rate on Cast
Iron Pipe
from St.
Louis.

Mr. STUBBS—Mr. Commissioner, what was done at Chicago about rate on Cast Iron Pipe from St. Louis.

The COMMISSIONER—It was agreed to make a rate of 75 cents per 100 lbs., if the St. Louis-Kansas City lines would agree.

Mr. STUBBS—Did those lines agree to the rate.

Mr. RISTINE—No, they would not. It was agreed to make a 75-cent rate, provided the St. Louis lines would stand in. I addressed a communication to Commissioner Midgley before leaving Chicago, but he declined on the general principle that no special contracts were to be made during the month of January. He claimed that it would be a "special," and different from the tariff. In advising Mr. Midgley of the action of this Association, I said that we hoped he would secure the assent of his lines to the rate, as it was one absolutely necessary as against Cape Horn competition.

The COMMISSIONER introduced a letter from the Commissioner of the Pacific Coast Association, reading as follows:

CHICAGO, Dec. 24, 1884.

Geo. W. Ristine, Commissioner, San Francisco:

DEAR SIR: Your letter of the 19th inst., regarding a 75 cent rate on Iron Pipe from St. Louis to the Pacific Coast, and a rate of \$1.00 per cwt. on Oranges in car lots from California to Chicago and St. Louis, came duly to hand. I have deferred replying thereto until opportunity could be had to confer with at least two or three of our people, and ascertain their views.

Letter from
J. W. Midge-
ly relative
to the Cast
Iron Pipe
and Orange
rate.

We should look upon both requests in the light of special rates; and as it was our understanding that nothing of that character should be made prior to January 31st ensuing, pending the anticipated agreement between your Association and its Eastern connections, we feel like deferring action thereon.

In regard to the proposed rate on Oranges, I may say, however, that it is so exceedingly low that we should not, in any event, regard it favorably. We are constantly carrying Oranges in car lots to Missouri river points and to Colorado, and for such service receive 42½ cents per cwt. from Chicago, and 34 cents per cwt. from St. Louis to the Missouri River. Your proposition would allow us only 14 cents; hence you will see that we have little incentive to encourage it. I remember that during the New York meeting, when Mr. Vilas complained of certain rates on Canned Goods which had been forced upon the Trunk Lines, Mr. Stubbs made the point that it was a much better division than the rate at which they carried a good deal of freight. He could not apply such a remark to us. There is no business in our Association, however cheap, on which we receive anything like such rates as those which we are asked to accept on California business.

(Signed),

J. W. MIDGLEY,
Commissioner.

Mr. STUBBS—Now, the answer to that would be that these are east-bound Oranges, and he carries no Oranges east-bound at all. The Chicago market is supplied with Oranges shipped up from Florida via New Orleans and boat, which the Pacific Coast Association lines do not share in at all, and that this is just so much new business to them.

Mr. RISTINE—I telegraphed him the day before receiving that letter, urging him to accept both rates, but he again declined.

Mr. SHELBY—The Wabash signified to me their willingness to participate in the 75-cent rate on Iron Pipe.

Mr. STUBBS—Cast Iron Pipe for the Coast has been almost wholly supplied by Simpkins, an agent here, who, I do not believe, ever shipped a pound over our route. Large quantities have come round Cape Horn. The fact is, all the trade relations of dealers in Iron Pipe on this Coast are with Atlantic Coast shippers or producers, and when we made arrangements with the Shickle, Harrison & Howard Iron Company, it was with the idea that we would remove that business from the Atlantic Coast to the St. Louis district, away from the Atlantic seaboard and

Discussion
on the
Orange and
Cast Iron
Pipe rates

liability of Cape Horn competition—get it fixed there; and while at present we cannot get more than perhaps one cent per ton per mile for carrying it, there may be, in the near future, an opportunity to get better rates. At any rate, it would be taking so much tonnage away from our competitors, and would be bringing this traffic nearer our reach.

Mr. SHELBY—They can manufacture just as cheaply in St. Louis as in New York.

Iron Pipe
rate out of
Memphis.

The COMMISSIONER—How would an Iron Pipe rate out of Memphis work, so as to take care of the Chattanooga Iron Foundry and Pipe Works, etc.?

Mr. STUBBS—I would make a rate so as to take care of the freight from these western points. We may only get one cent per ton per mile, but we ought to foster the business. The Chattanooga men, you know, are further off than the St. Louis men. I don't believe we could do as well there, owing to the position of the Louisville and Nashville road.

The COMMISSIONER—The Chattanooga Foundry and Pipe Works are anxious that we put in a rate from Memphis and New Orleans. They say the arbitrariness from Chattanooga to New Orleans and Memphis are perfectly satisfactory; this side is the trouble. If they can get rate from Memphis and New Orleans which would enable them to handle their goods into California, they would be happy. This they are very anxious to do.

Mr. GODDARD—Suppose we say, if that is satisfactory to them, that we will make proportionate rates per mile west. That ought to be satisfactory to them.

Discussion deferred.

The COMMISSIONER—I have here pool statements of the October Freight business. I have not shown the Consolidated Report, because I thought it not best to do so. None of the members have as yet seen it. If it is the unanimous desire of this meeting, I shall take pleasure in presenting it for your consideration.

Mr. TOWNE—We will listen to it at half past-one, if you will adjourn to that time.

Seconded by **Mr. ECCLES**.

Recess until 1.30 p. m.

TUESDAY, January 13—Afternoon Session.

Meeting convened at 2 p. m.

All members represented.

The COMMISSIONER—The matter of presentation to the Association of the Consolidated Report of Freight business under the pool for the month of October, with statistics thereon was broached this morning before we adjourned, and I understood it to be the consent of all that we should take it up on our assembling this afternoon. I find upon making up this statement and taking the actual tonnage carried, that it would give an average rate per 100 pounds of \$1.17 $\frac{7}{10}$.

Resume of
October
Freight
Pool State-
ment.

Mr. SHELBY—From the River to San Francisco?

The COMMISSIONER—Yes; that is, taking it upon the actual number of pounds carried, which, however, is not correct. It is correct so far as the actual tonnage carried is concerned, but the error lies in the duplication of the tonnage, and the allowance made by agreement of \$4.80 per ton to the road carrying the excess tonnage for that service, cuts an entirely different figure in the distributing of the account. Now, I find that the Central Pacific actually earned, on the basis of the percentages agreed, \$125,803.39.

Upon the request of **Mr. Stubbs** the Commissioner gave the percentages of tonnage and revenue as to each member of the Association for the month of October.

Mr. KIMBALL asked for the earnings for October, 1883.

The COMMISSIONER stated that he could not give a correct and reliable statement of the business for the month in

question, as it was impossible, owing to the late date upon which the Association was organized, to gather sufficient information therefor, and further, that the business for October, 1883, could not be regarded in a comparative sense, from the fact that at that time only San Francisco and Portland were treated, while under the present statement all California terminals are included.

The reading of the statement being concluded Mr. Stubbs stated his desire that a computation be made, showing how much the lines west of Ogden, Albuquerque, Deming and El Paso had to pay the lines east, which could not be regarded as competitive with the lines west of those points.

Statement was placed in course of preparation.

An informal discussion followed the result of the showing.

Discussion
on excluding S.F. Bay
transfer
from pool
earnings.

Mr. STUBBS objected to the including of the Bay Transfer charges in the settlement of the pool accounts, and said: If you read the agreement literally, by an oversight of mine it would appear that we should pool our local earnings. The Bay Transfer is not subject to the pool.

The Commissioner, on question, stated that the Omaha Bridge transfer was included, and that it would be very much easier for the Commissioner's Office if the transfers were excluded; that the divisions could be arrived at more speedily than under the present arrangement.

Mr. GODDARD—I do not see that it makes any difference whether it is pooled or excluded. Each line must contribute a fixed amount on the business they haul. I do not see that transfer comes into the question at all. If \$1.00 is the agreed rate between point and point, \$1.00 goes into the pool.

Mr. STUBBS—The difference is this: the transfer across this Bay should be deducted from the gross earnings of the Central Pacific before showing that account, as it is entirely non-competitive and local. The Bridge at Omaha is a portion of the line, and just as much competitive as any other



portion of the road. In the case of the transfer here there is a special allowance made for it.

Mr. SHELBY—You might with as much propriety exclude your entire earnings from Sacramento.

Discussion deferred.

The COMMISSIONER—Action upon Mr. Stubbs' resolution of yesterday was deferred until to-day. Do you now desire to take it up? **Mr. Hannaford**, I would like to hear from you on the subject, as you are more interested in the first clause of the resolution than any one else.

Commissioner requests action on Mr. Stubbs' resolution—see page 12

Mr. SHELBY—You must not forget that the Oregon Short Line is now *completed*.

Mr. HANNAFORD—I have no objection to the first clause, which seems to be the only one that refers to us.

The COMMISSIONER—Mr. Kimball, have you any suggestions to offer on the resolution laid over from yesterday?

Mr. KIMBALL—I would like to hear the resolution read again.

Resolution read. (See page 12).

The COMMISSIONER—What do I understand is meant by the first clause of the resolution: "Territorial division?" Does that embrace the terms upon which the territory may be apportioned to the northern lines, they remaining out of California business?

Mr. STUBBS—That was my object, first to determine a plan of procedure; and next, to take up the arrangement, whatever it may be, as between the northern lines on the one hand, and the California lines on the other hand.

Mr. KIMBALL—Are you willing to withdraw the resolution, and act upon the first clause?

Mr. STUBBS—The object of the resolution was simply to determine a plan of procedure; that is, the order in which

Object of
Mr. Stubbs'
resolution—
see page 12.

we will take the several subjects up. The important feature of it is the division of the Pool as between the roads beyond the eastern termini of the Central Pacific, the Atlantic & Pacific and the Southern Pacific on the one hand, and the companies mentioned therein on the other hand, to see whether, after careful consideration, it would not be decided by the members that that was the simplest, the fairest way to settle the differences existing. I thought that, under such a plan, all concerned would be willing to go to arbitration again, while, perhaps, without such a plan none of us would be willing to go to arbitration. As to discussing the first part of the resolution, and settling that, I understand Mr. Oakes desires that the clause referred to be held over until his arrival, which will be to-morrow, but that need not interfere with the discussing as to whether that is the best plan to proceed on; in other words, determine whether we will have one pool by lines, as heretofore, or whether we will have two pools.

The COMMISSIONER—Would not that hinge somewhat upon the division of territory between the Northern and the Southern Lines. Should not that question be settled first?

Mr. STUBBS—Not necessarily. The mere fact of determining our order of procedure does not bind any one. If we take up and discuss the second portion of the resolution there is so much time gained, then when Mr. Oakes is here we go back to the order prescribed by the resolution, and take up this question of territorial division and see what deal we can make in that direction. If we fail in that, we will not go to No. 2 or No. 3. It seems to me that has to be settled first. We might carry it over. We might table this resolution if we are not prepared to discuss it. I do not see *why* it cannot be discussed to-day as well as to-morrow; but if we are not prepared to discuss it we might carry it over, and when you are ready to take up anything it should be this territorial division between the Oregon Lines and the California Lines; settle that question and that determines the fact as to what you do afterwards.

Mr. KIMBALL—If Mr. Stubbs will consent to the division of the resolution I will move the adoption of the first clause.

The COMMISSIONER—Do you consent, Mr. Stubbs?

Mr. STUBBS—Certainly.

Mr. HANNAFORD—I will second Mr. Kimball's motion so far as the clause relates to territorial division.

Mr. STUBBS—Let me suggest something right in that connection. If you move the adoption of the first clause and it is carried, and you do not take up the second portion of the resolution at all, then you are utterly stopped from going one step further until Mr. Oakes arrives and we are ready to discuss the terms of this territorial division. Then suppose he arrives, and to-morrow afternoon is ready to take it up and determine what that territorial division shall be, that is, the terms of the agreement as between the Oregon Lines on the one hand and the California Lines on the other hand. That might carry us over until Thursday evening, then the second part of this resolution—for I shall certainly present it again to get an expression upon it—will be introduced, and we will have to go through just what we could go through this afternoon, if we took it up this afternoon; but if there are any here who have not considered the subject carefully, and honestly want time to decide as to whether it is expedient to make that radical change, all right. I do not wish to hurry it. It can just as well be temporarily tabled as not. I am at home; the matter is very little to me personally whether the proceedings here are prolonged or not, but I presume that some of you feel like I do when I am East—want to get through. That is the only reason why I presented the resolution at the opening of this session.

The COMMISSIONER—Mr. Kimball, is there any objection to the territorial division as provided for under the present contract?

Mr. KIMBALL—There is not only the territorial division to dispose of, but there is also the terms and conditions upon which that division is made, upon which the Northern Lines consent to stay out of California.

Mr. STUBBS—We take it up where we dropped it at Chicago. It amounts to this: All are agreed to make this territorial division—to set off to the Oregon Lines the territory north of the northern boundary of California, and to set off to the California Lines the territory south of that; then the only question is whether these Oregon Lines will agree to that territorial division without some compensation other than the exclusion of the one from the territory of the other. That brings up the subsidy, if any is paid, which is where we stopped at Chicago, and which cannot be settled until Mr. Oakes arrives. Therefore the discussion of the second part of the resolution would not advance these proceedings a step, so far as I can see.

Mr. KIMBALL—I would like to hear a pretty full discussion of the whole resolution as it was first introduced. We have not only the territorial division and the terms upon which the territory may be divided to dispose of, but also the question of pooling the entire Trans-Continental business on the part of the Southern Lines, whether upon the basis of two pools, or whether upon the basis as we are now organized.

Mr. STUBBS—I suppose I should state its object, the reasons for its introduction. They are simply these. I regard the Oregon Lines as competitors of the Southern Lines over their whole distance—that is, the line from St. Paul to Portland or to San Francisco, if they should come here, is certainly a competitor of the line from Omaha to San Francisco via Ogden, or of the Atlantic & Pacific Line from Kansas City via Mojave. Therefore the contract as between the Northern and the Southern Lines could be made a separate part of the agreement. It is understood that either of these sets of lines pay to the other a consideration for keep-

ing out of the other's territory. Then the Commissioner could in his accounts determine the gross earnings precisely as he has done in the past, and assess the subsidy agreed to be paid on each of the lines by whom it should be paid; that is one transaction simply, easily done. I then regard that practically there is no competition between the Union Pacific and the Southern Pacific, as I regard that there is no competition practically between the Atchison and the Central Pacific, or between the Atlantic & Pacific and the G. H. & S. A. The competition is between the Central Pacific, the Atlantic & Pacific and the Southern Pacific—the Southern Pacific being regarded as a portion of the Atlantic & Pacific Line for the distance from Mojave here. Therefore it would seem natural that the earnings of these lines should be pooled as between themselves. There should be no agreement which might by any chance or any method of apportionment require the Central Pacific to pay to the Union Pacific a portion of its earnings. As the Agreement now stands it might transpire that the Atlantic & Pacific would have to pay a portion of its earnings to the Atchison, which, to me, would be absurd; or it might transpire that the G. H. & S. A. would have to pay to the Central Pacific. That, to me, would be absurd also. The competition is, therefore, east of Ogden, Albuquerque, El Paso, etc., and is as between the G. H. & S. A., the Texas & Pacific, Atchison, B. & M., D. & R. G. and U. P. (That is precisely as it was under the first, or original California Pool Agreement), and they should pool among themselves. That much for what I regard as the principles which should govern pool agreements, *that a line should agree to pool only with its competitor.* Another consideration, is the simplicity of the workings under the proposition. There would be no interchange of payments, except as between the lines practically competitors of each other. I do not know whether we shall be able to agree upon percentages among ourselves or not. If past experience should be taken as an infallible guide, I should say that we would not be able to agree. At the same time, I think that there

would be better results if we would each honestly try to make an agreement among ourselves than go before an arbitrator, because there is scarcely one of us who could find or suggest a man to arbitrate this question who is familiar enough with it to do it intelligently, unless he has been at some time or other more or less connected or interested in one or other members of the Association. And we are all human, and *that* would naturally create a bias in the minds of the competitors of the line with which the proposed arbitrator was connected. But suppose we should agree upon an arbitrator; we have already had experience enough to know that for such a referee to take up the question, and apportion the earnings by lines, would be a very difficult question. We tried once at Chicago. I think I was on the committee on the formulation of the agreement, and I wrote out a resolution which indicated the lines, the connections which should be regarded as lines, roads forming through lines, or the roads connecting with each other, which should be taken by the arbitrator as through lines in allotting his award, the award to each line to be subdivided between the roads in accordance with the regular percentages which they use in billing freight or ticketing passengers. That resolution came up for discussion in open meeting, and at once each party tried to make a line, and we saw at once that we were going to have seventy-five different lines. The B. & M., wanted a line via Pueblo and the D. & R. G.; also via the U. P. and Cheyenne; also via the Atchison and The Needles, also via the Atchison & Deming. The Union Pacific wanted a line via the Oregon Short Line via Pocatello and Garrison, etc. It was clearly the intent, however, if you will refer to the agreement, that the apportionments referred to Mr. Tucker, should be made by lines, and I think you will find what might be regarded practically as instructions to him that he should so make the award. But I learn that after careful consideration, I think it was in his report of his award to the Association—that he had given it very careful consideration, but he did not see how he could make his allotment by lines.

Therefore he had undertaken it as he did, and I think many of us consider that he erred—that it was a trap which snared his judgment in the matter—all believing, however, that he was honest and conscientious, an eminently capable man under the circumstances to do the work, and I do not think we could find any better man to arbitrate this question than Mr. Tucker, nor a man who had as little knowledge of the intricacies of the business, and who would do so well as Mr. Tucker has done. If we make these two pools as proposed, all that trouble is eliminated. He could make his award without much regard to lines, and I think reach a conclusion which would be satisfactory to most of us.

Mr. KIMBALL—Let me interrupt you a moment. I do not see how that division between the eastern and western territory, on the basis of two pools, eliminates that question at all. The same side tracks, which we all were so anxious to get in before, exist to-day, and they are east of the junction points. Now, when we get together to determine among ourselves, as the lines east of those junction points, do we not have to grapple with the same question?

Mr. STUBBS—There is something in what you say, Mr. Kimball. Of course, the division as proposed by the resolution would not forbid the B. & M. making the same claim as I have indicated, for the purpose of illustration, but there is this about it, that in determining the Central Pacific's proportion it would not be confused or confounded with that question at all. There is that much of it lifted out, that in determining the proportion of the Atlantic & Pacific it would not be confused or confounded with the question of the allotments to the eastern pool; and so with the Southern Pacific. I do not say that it is absolutely perfect. I do not say that we could formulate any plan of procedure or give any instructions to an arbitrator which are going to relieve him of a good deal of labor, or of the exercising of very careful judgment in order to satisfy, even if he could; but it certainly is a long step towards simplifying the matter. These are the considerations, so far as I am able to

express them to you, that influenced me in presenting this resolution. There is another reason that I might illustrate to you. We have to have a pool—we already have a pool between the Atlantic & Pacific and Southern Pacific Companies, which embraces a little more business than is included in this Association, that we do not regard as a perfect instrument, but we always have to have such an agreement, and there is no need of having the two. That Pool Agreement is part of our general agreement under which the sale was made; they have their rights into California; so there is nothing we can do here—

Discussion as to both pools being subject to one Commissioner and under same rules and regulations.

Mr. GODDARD—I would like to ask whether it was your idea, in offering that resolution, that all matters pertaining to both pools should be subject to the one Association, the only separation being the fixing up of your own affairs so far as percentages are concerned ?

Mr. STUBBS—My idea was, that both sets of pools would be formed under the name of the Trans-Continental Association, under the control of the Commissioner of the Trans-Continental Association, who wou'd audit the accounts and make the settlements precisely as he does now; that the two pools should be co-existent and inter-dependent. Of course, if the pool between the lines East should fail, I do not see how it could be otherwise than that the pool West should fail, unless by subsequent agreement the lines interested in the Western Pool should agree to maintain an unbroken front to all their connections.

Mr. RISTINE—Would the same rules regarding rate-making power, etc., established under the Trans-Continental Association, obtain, or be provided for separately under the two pools?

Mr. STUBBS—My idea is, that the Trans-Continental Agreement should cover both, the only difference being the division of the Western from the Eastern pool in the matter of revenue for the convenience of the Association.

Mr. RISTINE—Two sets of percentages, instead of one, as at present. Everything else you would expect to be covered by the Trans-Continental Association?

Mr. STUBBS—Yes. Trans-Continental force; Trans-Continental rules and Agreement to cover everything, that was what I had contemplated.

Mr. RISTINE—I did not know but that you intended to make two separate pools; two separate sets of rules and regulations; two separate agreements.

Mr. STUBBS—I cannot see why it should be necessary to take it out of the jurisdiction of the Association at all.

The COMMISSIONER—Mr. Stubbs, I would like to ask if the proposed pool between the Central Pacific, Southern Pacific and Atlantic & Pacific Companies would be merely of the proportions of their through business, or the business now pooled, or would it be of a stipulated amount from certain points?

Mr. STUBBS—It would be under the Trans-Continental Association; the pool between them would be simply of that business covered by the present Association, passing the ninety-seventh meridian.

The COMMISSIONER—Then it would be simply a pool of their earnings on that portion of the business.

Mr. STUBBS—Yes, that is all. I think it would render it much easier for you gentlemen to settle among yourselves, and *vice versa*. It certainly simplifies the matter, and guarantees more permanence to our agreement.

Mr. MILLER asked as to the handling of "diversions" under the proposed arrangement.

Mr. STUBBS—They could be made precisely as they are now.

Mr. MILLER—I don't see how you could fix it.

Mr. STUBBS—I don't see why diversions cannot be regulated. I don't think any greater difficulties would be encountered than now exist.

Mr. EUSTIS—Your suggestion would practically give you 46 per cent. via Ogden.

Mr. STUBBS—No; I would like to have it that way. For example, suppose the Central Pacific, the Atlantic & Pacific and the Southern Pacific were in a pool, each taking one-third, and the B. & M., D. & R. G. and U. P. should of this Trans-Continental business deliver one-half or three-fifths to the Central Pacific, then the difference between the three-fifths and one-third would have to be paid over to the Atlantic & Pacific, if it was behind, or to the Southern Pacific.

Mr. EUSTIS—I do not see how the connections east of Ogden could consent to any pool that gave the Central Pacific less than 46 per cent. of the earnings via Ogden; that is, I do not see how the lines east of Ogden, if they are capable of carrying two-thirds of the business, could consent to any agreement on the part of the Atlantic & Pacific and Southern Pacific as against the Central Pacific, whereby they would carry two-thirds of the business by the Southern Lines.

Mr. STUBBS Still you would have no objection if you delivered to the Central Pacific three-fifths and you got your proportion of it, if there was no provision that diversion should be made.

Mr. EUSTIS—Then it comes down to this: If you had such an agreement as that, it would be a mere matter of accounting between the Central Pacific, the Southern Pacific and the Atlantic and Pacific Companies; it would not be a matter between the Eastern Lines at all. Why should that phase of it be brought into the question at all?

Mr. STUBBS—Just as have stated to you, that under the present contract it is possible, and I do not think it at all improbable, if we should adopt these freight percentages which

Mr. Tucker has awarded, that in the accounting the Central Pacific would have to pay money to the Union Pacific. If there is anything but palpable absurdity in any such an apportionment, I would like to have it explained. I do not think it improbable that the G. H. & S. A., might have to pay to the Atlantic & Pacific.

Mr. EUSTIS—I admit that; but why is not that easily remedied, and why is it not practically remedied by that clause of the original agreement which you have referred to, that says that the apportionment shall be made by lines?

Mr. STUBBS—This resolution is introduced to propose a plan of procedure for simplifying these matters. It is the best, so far, I have been able to suggest. I am not wedded to that plan of procedure. The proposition that is going to answer the best, that is going to meet the case the nearest and the fairest, is the one I want adopted. This one is introduced merely for your consideration, not that it may be the best that might be made, but for you to see whether it does not promise something. This resolution may have the effect of suggesting to the minds of the representatives here a better plan than that proposed, in which case I should like to have the pleasure of voting for it; but I did not think that a suggestion or a thought would be started in the minds of the representatives here without some proposition they could talk to.

Mr. EUSTIS—It seems to me that so far as you can fix it, whether by one, two or five pools, that it probably could be fixed as well by the plan you named in Chicago, or rather the agreement reached at Omaha, the clause reading: "The subdivision of the contributions to the joint purse between the several companies forming a line shall be on the basis of freight percentages in use between said companies." Passenger business being covered in a similar manner. Now, while these lines are not defined, each company will claim a dozen, natural or unnatural; the same complications will exist. It does not matter whether there are one or two pools, the same complications present themselves.

Mr. STUBBS—The trouble is this, that you would not be able to determine what the western connection of any set of lines is entitled to; for example, in figuring over and testing Arbitrator Tucker's award, I note that the B. & M. receives more on Passenger than the D. & R. G. If I remember it, more on Freight and less on Passenger. Now, for the purpose of showing or exhibiting, I made what I regard a conclusive showing of the unfairness of the award. I held that the B. & M. should be regarded as the connection of the D. & R. G., or that the D. & R. G. should be regarded as the sole connection of the B. & M. on percentages, and made my showing in that way. The excess on Freight I had to dispose of in some way, so regarded that it would deliver, or that the excess was given to it on account of its line via Cheyenne. Mr. Goddard informs me, and I have no doubt it is true, that the Atchison delivered freight and passengers to the D. & R. G. at Pueblo, and that question of "lines" is raised by that very proposition, and it would be very hard to determine. I think it would be impossible to determine unless we should sit down here and arbitrarily agree that there shall be certain lines. If we can agree among ourselves that the Union Pacific and Central Pacific shall constitute one line, and that the Union Pacific shall not be credited with any business that it may deliver to the D. & R. G. at Denver, that would dispose of the question so far as it goes, but will the Union Pacific agree to that? Shall we regard the B. & M. as the sole connection of the D. & R. G., and *vice versa*, and the Atchison of the Atlantic & Pacific? Now, that is something I would not like to agree to; while I know that it is practically so, yet, at the same time, the Atchison is a connection of the Southern Pacific at Deming, and more or less business will go that way. It will be considerably less, but some *will* go that way.

Mr. EUSTIS—What I fail to see is, how it will eliminate these complications.

Mr. STUBBS—I say we eliminate them so far as the western end is concerned, leaving the other for yourselves to settle.

Mr. EUSTIS—You cannot settle it any quicker than by settling it as a whole.

Mr. STUBBS—The point is this: the settlement is made as between these Western lines, regardless of any settlements that are made east. The Central Pacific is not concerned in what the U. P. gets, in what the B. & M. gets, or in what the D. & R. G. gets. The Atlantic & Pacific is not concerned in what the Atchison gets, etc. Now, certainly there is that much of simplicity in its application, because at present these lines are concerned, and directly concerned, in what their connections get; but to say that this question of lines is altogether eliminated by this proposition is something I cannot, and I have not stated; but it is certainly one step towards reducing the complications. I do not know how it would turn out, but I think the Central Pacific, the Atlantic & Pacific and the Southern Pacific could easily agree among themselves, and that the only question for arbitration would be as to the east thereof. You may be able to give some better plan, but I have not seen, as yet, where there could be any improvement made. I do not think we could sit here a week and settle on an arbitrary set of lines.

Informal discussion upon the proposition.

The COMMISSIONER—How would you average Southern Pacific percentages on California business?

Discussion
as to S. P. R.
R. average
percentage.

Mr. STUBBS—That is not a difficult matter. In the event of your determining the lines, it would be an easy matter.

The COMMISSIONER—I am speaking of it as it exists at the present time. Have you ever figured what the average percentage of the Southern Pacific is?

Mr. STUBBS—You must have a beginning point. I have determined it to my satisfaction, taking Mr. Tucker's award to the lines east as correct. If you want to go on the basis of Mr. Tucker's award, the only way would be to take his award to the Atlantic & Pacific for example, and see if that represents the Atlantic & Pacific's freight percentage; then as

18 per cent. is to the proportion of the Atlantic & Pacific, so the Southern Pacific should be to the Atlantic & Pacific's award. That settles that question. Then you take the Texas & Pacific award. Now, as the Southern Pacific percentage is to the Texas & Pacific percentage, so the S. P. proportion on account of T. & P. should be to the award of the T. & P. I have it figured out if you would like to see it.

The COMMISSIONER—I would like to see it.

Mr. STUBBS—That goes on the principle that Mr. Tucker is right in his award to the Eastern Lines. That of course would not be acceptable to some of the Eastern Lines. The Union Pacific, for instance, will not admit that they have been properly treated.

The balance of the afternoon was spent in informal discussion and computations in connection with the results to be obtained by the exclusion of all western territory non-competitive with the lines composing the proposed Eastern pool, but argument upon the subject not being exhausted, it was again deferred until the following morning.

Adjourned until 10 a. m. to-morrow.

WEDNESDAY, *January 14th*—Morning Session.

Meeting convened at 10.30 a. m.

All members represented.

Resume of
October
Freight
Pool
Statement.

The COMMISSIONER—I have a matter here which I desire to bring to your notice. I presented some figures yesterday on October business, but late last evening I discovered that these figures were not exactly correct, from the fact that the Agreement was made up on the basis of *lines*, whereas the percentages awarded by Mr. Tucker are by *roads*. I took it that the \$4.80 per ton which was allowed on excess carried, as meaning for each *road*. I find now that it was meant as applying to the *line*, and hence I have given you

too much credit by your proportion of percentage in each route. There were others under the same impression. I talked with several upon the subject, and they each had the same idea, that it was \$4.80 per ton to each *road*, but upon a careful reading of the agreement I discovered that it should be interpreted as \$4.80 to each *line*. Upon this basis the statement is changed somewhat.

Mr. KIMBALL—\$4.80 per ton from the eastern boundary of Trans-Continental territory to the point of delivery.

The COMMISSIONER presented an approximate statement so far as the Southern Pacific's interest was concerned. It was decided, however, to figure the several connections of that line separately, as the percentage might appear, thereby obtaining an actual showing of the amount to pay over by the Southern Pacific to the several lines in interest.

After an extended informal discussion, recess was taken until 2 p. m.

WEDNESDAY, January 14th—Afternoon Session.

Meeting convened at 3 p. m.

All members represented.

The COMMISSIONER—The figures given you this morning upon Southern Pacific business were approximate. We have now figured each line separately, and find that the amount payable from all roads over is \$63,873.77—an increase of some \$5,000—showing the amount payable by the Union Pacific to be \$6,123.35, which is not changed from the former showing. The Southern Pacific, however, changes from \$32,657.00 to \$38,372.68. The G. H. & S. A. pays over \$9,144.64, the Texas & Pacific \$10,233.10, making total of \$63,873.77.

After some slight discussion, the Commissioner suggested that as that matter had been temporarily disposed of, other business was in order, and called attention to the fact that Mr. Stubbs' resolution, upon which action had not as yet been taken, was the next subject for debate.

Commissioner again calls attention to Mr. Stubbs' resolution—
see page 12

Mr. GODDARD offered amendment as follows:

It being the intent of this resolution that each of the pools shall be governed in all respects by the Trans-Continental Association, and that the only change proposed from the past agreement consists in the separation of percentages in the pool into two divisions, one east of Ogden, Albuquerque, Deming and El Paso, and the other west of those points.

Mr. Goddard's amendment accepted.

Accepted by Mr. Stubbs, and included in the original resolution. (See page 12).

The COMMISSIONER—I have a letter from Mr. Olds, which I will read for the information of the members.

ST. LOUIS, Dec. 29, 1884.

"Geo. W. Ristine, Esq., Commissioner, San Francisco.

Mr. Olds' letter explaining the position of his company.

DEAR SIR,—In connection with the meeting to be held at San Francisco January 12th ensuing, I deem it advisable to inform you that it is not probable we shall be represented at such meeting. It has become a serious question with our Company whether our interest in the Trans-Continental Association is of sufficient magnitude to justify us in wasting time and money in attending the different meetings.

As we shall not be represented at the meeting, it may be proper for me to indicate to you our position. I will, therefore, say that if the Association is reorganized on a satisfactory basis, and continued on and after February 1st, we shall not endanger its existence by remaining outside of the Association, provided, of course, that the organization is satisfactory to us, and a Commissioner, also satisfactory to us, will be placed in charge of the affairs. Another object in my writing you this, is to indicate to the representatives of the other lines that because of our absence from the meeting it will not necessarily follow that we shall not become a member of any organization that is formed, and that they need not on account of our absence delay the reorganization of the Association.

(Signed)

GEO. OLDS."

Mr. STUBBS—I have a later communication from the General Traffic Manager of the Texas & Pacific, which I beg leave to present to you for the information of the Association.

The Commissioner read the telegram, as follows:

"J. C. Stubbs, San Francisco.

JANUARY 13, 1885,

Telegram from T. & P. Ry withholding their membership unless other lines join.

We wish it understood that we cannot become a member of the Trans-Continental Association unless all lines west of the Mississippi River, over which California traffic can be handled, also become members. This necessarily includes the St. Louis & San Francisco and Sunset Line from New Orleans west.

(Signed)

GEO. OLDS."

Mr. TOWNE—Since Mr. Olds says in his letter that he will not become an obstructionist, I think you have nothing to fear from that quarter.

The resolution was here submittrd to vote, resulting in its unanimous adoption.

Mr. STUBBS—Unless we have some intimation that Mr. Oakes will be present this afterncon, I think we might as well adjourn until to-morrow.

Mr. PRESCOTT—I think it very doubtful if Mr. Oakes gets round.

Complaints having been informally made by several of the members in regard to the delay which it was claimed occurred in the issuance of the new West-bound Classification and Tariff of January 1, 1885, Mr. Ristine asked permission to read the correspondence relating to its issuance, which was accorded. It was shown that considerable delay occurred in the San Francisco Post Office, the entire issue having been made by the Commissioner's office on Deeember 31, 1884.

Mr. Stubbs' resolution unanimously adopted—see pages 12 and 36.

Delay in issuing West-bound Classification and Tariff No. 1 explained.

Mr. GRAY corroborated the various incidents related by Mr. Ristine in reference to its distribution.

Upon motion of Mr. HANNAFORD, seconded by Mr. TOWNE, an adjournment was taken until 10 a. m. to-morrow.

THURSDAY, January 15th—Morning Session.

Meeting convened at 10.30 a. m.

All members represented.

The COMMISSIONER—I have a message this morning from Mr. Guilford, Assistant Commissioner, New York, in answer to a communication from this Association, dated January 7th, relative to the Oil rates to apply this year, account of the Standard and Continental Oil Companies, reading as follows :

Telegram from Trunk Lines refusing to ratify special rates on Oil.

NEW YORK, Jan. 14.

L. G. Cannon, S. F.:

Your letter seventh. As Trunk Line Committee has declined to be party to any special contracts during present year, we cannot approve proposed special contract with Standard and Continental Oil Companies. All traffic should pay the established rates and classifications.

(Signed), N. GUILFORD.

Classification of Wine
in wood
west-bound.

Mr. SHELBY asked for classification of Wine, in wood, west-bound.

It was agreed :

Wine in wood, same as Liquors in wood.

Mr. RISTINE suggested that the following telegram be forwarded to Mr. Guilford.

Suggested telegram to be forwarded Trunk Lines account special rates on Oil.

"Your telegram fourteenth. Our classification does not provide for Oil in tank cars, and the rate suggested has been in force several years. We name Standard and Continental Companies, as it is necessary to give gauge of the cars, and they are the only parties using such cars in California's trade. It is therefore not, properly speaking, a special rate. Unless we can make them an approximate rate on Case Oil, the business will all take Cape Horn route. The Trans-Continental Association, now in session, respectfully ask your approval of these rates, which they consider very important."

Sunset's position as regards rates on Oil from Atlantic sea-board.

Mr. STUBBS—Referring to the Oil rates, Mr. Commissioner, we want, so far as the Sunset is concerned, to make the same rates from seaboard points as are made from Cleveland.

Mr. RISTINE—Why?

Mr. STUBBS—To give us an opportunity to take a share of that oil. There is a reason for it that ought to be regarded of sufficient importance to secure the approval of the other lines, who naturally would not care to have the Sunset carry any, and that is that a large portion of the oil that comes here from the Atlantic Coast is of the lowest grade, and is made at Chester, Pa., and is controlled by the Lombard and Ayres Co. of New York, which is independent entirely of the Standard Oil Company; and I am satisfied that unless we do provide that oil can be taken from the refineries on the Atlantic Coast, or some portion of it, at the same rates as from Cleveland, that that oil will go round Cape Horn.

Mr. RISTINE—The reason I asked you the question was that I understood that the Continental Company have a refinery at Buffalo.

Mr. STUBBS--They have not. They did have, but that is all changed.

Mr. RISTINE—I was told they did have as late as the day before yesterday, and that they were shipping all their oil from Buffalo instead of Chester. If that is true, there is a reason for making the rate from New York a trifle higher.

Mr. STUBBS claimed that his information came direct from the Continental Oil Company, and explained the position as between the several oil companies and the necessity for protecting the Atlantic Coast oil business.

Mr. RISTINE—You probably misunderstood. The rates ruling this year are the same as existed last year.

Mr. STUBBS—That is true, but they are half a cent per gallon higher. It seems to me that the Trunk Lines are carrying this thing a little too far. They say they will not go into any special contracts. We have practically adapted ourselves to their views, and agreed that we will not make any special contracts; but when the Trunk Lines, the Iowa Lines, or any set of men, say there will be no special rates on this California business, and assume the position that we can make a tariff and stick to that tariff arbitrarily the whole year through without any modification whatever, they take a position they cannot sustain. They are trying to enforce and to preach that which they do not practice on their own business, and it is not done, to my mind, with any just regard for the business or for any fair purpose towards us, and if they are going to assume that position we had better take care of ourselves.

Mr. RISTINE—How would it do, Mr. Stubbs, for the T. C. A. to appoint a Committee to see the Trunk Line people? It has never been discussed with them as a Trans-Continental matter since your interview. It would only be following

Suggesting
that a com-
mittee be
appointed
to meet the
Trunk
Lines.



up and sustaining your argument in favor of special contracts, and certainly would not do any harm.

Mr. STUBBS—I think our interest would vote for a committee to interview them, if that was thought necessary, but we have been interviewing them, and my experience has been, since last December, that we have gone just as far as we can afford towards meeting their views. Instead of accepting the concession which we made to their views and meeting us in a proper spirit, and all will admit that it was with deference to these Eastern Lines that we agreed to abandon the general contract plan, but agreeing for their own interest, if they have any interest in this business, that we should make some few special contracts, they arbitrarily sat down and refused to join in any specials whatever; this, although the testimony of every one directly interested in this business, knowing more about it than they ever will know, was that some specials are absolutely necessary to preserve the business. Now, here is Commissioner Midgley and the Orange and Iron Pipe rates. *They* do not want any specials at all. I never have seen a road yet that could adopt a tariff on the first day of January and stick to that tariff the year through.

Mr. RISTINE—When in New York we did not have an opportunity to talk the matter over fully with them. They were after the "Sunset," which did not give us much of an opportunity. Mr. Hannaford and others here, I think, will bear me out that they stated that if their arrangements were perfected with the "Sunset," they would be perfectly willing to join with us in any rates, special contracts, or anything necessary to transact the business; and more, Mr. Fink himself advocated the special contract plan at that time, because he said that if a pool were made with the "Sunset" it would enable diversion. Now they have suddenly changed their minds. Would it not be a good idea, in order to follow up your arguments, that the Trans-Continental Association appoint a Committee to go to New York and lay the subject before them as a Trans-Continental

matter. Unfortunately, when you were there you were not vested with the authority to speak for the Association as a whole? I think, undoubtedly, that this would be an opportune action on the part of this Association, and would sustain your arguments in favor of a few special contracts.

Mr. STUBBS—There is no question, Mr. Ristine, about the animus of the Trunk Lines—that is, that they wanted to cut the throat of the Sunset in this matter, and there is no question about the result; that when I went back there they found it would be a dangerous experiment, and concluded they would not do it. Now, as to their action in regard to the special contracts which you claim, is a reversal of what they told you after I left them.

Mr. RISTINE—Understand that their statement was not an official one, merely their open expressions in Mr. Guilford's office.

Mr. STUBBS—Whether that is the case or not, they found it was not expedient to make a pool with the Sunset, and that it was not possible to shut them out of New England. Whether that was the reason for their refusal, I cannot say. But I do say that Mr. Fink has been opposed to contracts from the beginning; and I think that opposition originated, or was owing to the confusion it brought into his accounts. But there is another reason, and a more important reason, and that is the question of Congressional legislation. He is very tender on that point, and considers that, whether the principle is right or wrong, the practice would have the effect of introducing antagonistic legislation. He wanted that provocation removed. But when they proposed to agree to adopt this tariff, but not to agree to any contracts whatsoever, I said to them that I thought they were making a mistake, and that they had better consider it carefully. The answer was by Mr. Hayden, I think, (and I have the record, which I will bring up here so that you can refer to it,) that they had heard the argument over and over again; that they thought there was nothing new to be added. I told them that I did not know there was anything new to be

added to what we had already said, to the information we had given them, to the information experience had given them. They said they did not want any special contracts—would not agree to any—that they wanted to try it a year without. They went further, and said that they did not want any of us to make any special contracts, and it took some questioning on my part to get them to say that while they did not want any of us to make contracts, they would not object if the lines west of their termini joined with us in making special contracts.

Mr. RISTINE—I do not see how they could.

Mr. STUBBS—After that meeting adjourned, when I went in to get a letter of advice to the New England lines, explaining the situation, I found that Mr. Guilford had signed a communication to those lines wherein he stated flatly that no special contracts were to be made by any of us, and Mr. Bullen told me that that was their understanding of it, and I had to call for the stenographic record in order to show the incorrectness of that statement. I told Mr. Guilford that I had no right to represent the Trans-Continental Association in that matter, and I did not agree that no contracts would be made.

Mr. RISTINE—The plan that we suggest now is so widely different from that existing in the past. We did have some 2600 contracts, including Oregon; now we could limit them to about 100. Previously there were special rates; now we propose to allow a percentage off in such necessary cases. Do you not think if a committee from the Trans-Continental Association should go down to New York and meet these men, that they might be able to exercise some influence upon them?

Mr. STUBBS—At present I do not think they would have any influence with them whatsoever. I think, however, that if there was any hope of reversing their sentiment, it would be worth the trial but my own view is, that we will have to run along for several months and show by our experience this

year, under the operation of the new tariff, that our judgment was correct, and that they were wrong, and show by dollars and cents that we are all losing money, or that they are causing us to do so without benefiting themselves, which probably might change their views. I do not think that while this Reagan Bill is pending in the House, it would be any use talking to them.

Mr. RISTINE—They will adjourn before long.

Mr. STUBBS—I would not go down and spend five minutes upon the proposition. I would do this: if we found it necessary to make rates which are not provided for by the tariff, and which could not be fairly considered as a violation of the agreement upon the part of the "Sunset" with the Trunk Lines, that they would maintain the rates, I would not allow business to be diverted from the lines concerned in this Pool merely to satisfy the caprice of the Trunk Lines; I would arrange to take it. We are ready to make any fair terms with you on the proposition.

Mr. RISTINE—I think we asked for too much when we started down. We talked 500 contracts; if we had talked 100 our chances would have been better.

Mr. STUBBS—We did not state any definite number. We said that they might be limited to 500 or 100. You will find that the commercial community here is very much excited over this question, and you will find that the abandonment of the Contract plan will cause a reversal of its position. What the merchants objected to was the General Contract Plan open to all, to every one. You will find that the men who handle the business, that pay us the earnings, would all sympathize with and actively advocate the very proposition we presented in New York, namely: to abandon the contract plan as a general policy and make some special concessions. I was privileged to listen to a proposed report of a Committee appointed by the Board of Trade upon the transportation question, yesterday morning, and in that report the San Francisco merchants practically recom-

mended that which we attempted to get through, but they have now to withdraw their report on account of our entire change of front in this business. They do not know what to do, nor where they are going to stand.

Mr. RISTINE—Mr. Kimball, what do you think of my proposition?

Mr. STUBBS—I suppose the Middle and Western States and Pacific Coast Lines will stand right in with the Trunk Lines?

Mr. RISTINE—That's a question.

Mr. STUBBS—We sent a committee to interview Mr. Midgley.

Mr. RISTINE—And he stated then that he would not stand in on any contracts.

Mr. KIMBALL—It is your suggestion to appoint a committee to go to New York for the purpose of inducing the Trunk Lines to join us in making a limited number of special contracts.

Mr. RISTINE—Yes, sir.

Mr. KIMBALL—I should favor making the trial. I think the hope is against us, but we might make an effort.

Mr. MILLER—Would it not be a good idea to also interview the Pacific Coast Association?

Mr. TOWNE—Let the "Sunset" take the business, and we divide with you on terms fair and reasonable.

Mr. RISTINE—What I fear is that the lines from Pittsburgh, etc., will set up the rates upon us.

Mr. TOWNE—Let the Oil men take care of themselves.

Mr. STUBBS—The reason why we did not get all we asked for was that we were not a unit among ourselves.

Mr. RISTINE—I did not see any discord among our members.

Mr. STUBBS—I saw it.

Mr. RISTINE—You did not give us a chance to say anything.

Mr. MILLER—Don't you think we could stand it west of the Missouri River, upon such cases absolutely necessary to be made?

Mr. STUBBS—Possibly we might stand it west of the Missouri River; but I do not think it fair that we should stand it. I do not favor any proposition but that which would be just and equitable to us. That business is common to us all, and the competition which we experience, and which these contracts are destined to meet, is common to us all, and should be shared by all. We should assume that the basis of division of the rate, if not essentially just, it is as near just as we can agree or afford, should be the basis of participation in this competition, and that any discounts or concessions that are made from the regular tariff rate should be shared by all the lines sharing in the business, precisely as they share in the Open Tariff rates.

Mr. MILLER—Do you think there would be any difficulty in getting the other lines to do it, whether the Trunk Lines agree to it or not?

Mr. STUBBS—I have just said to Mr. Ristine, that if this committee does not have its labor for its pains, I am very much mistaken. We will have to admit that they were all very much occupied by the single idea of getting all of this business on to their lines, and of shutting the "Sunset" out at the time we were East.

Mr. RISTINE—I do not think you state that quite fairly. I do not think they desired to do that. In our talk with them, we advocated their opening of New England to you, and they all admitted your rights. I do not think they desired to shut you out entirely. They recognized your right to life, but they *did want* to force you to pool; there is no denying that fact whether you make one or not. I strongly advo-

cated that they open New England to your line, and that they not make that an issue with you, and further; I gave you a letter prior to your departure for the East, conveying that sentiment, and which was signed by several of the members.

Mr. TOWNE—But for the large shrinkage in our earnings, and the great difficulty we would experience in securing the return of the traffic to the rail, which would naturally go by clipper, I would like to see it tested for the benefit of all those who do not recognize that there is not any business in this proposition. The trouble is that when traffic is once diverted it is difficult to secure it to its original channel.

Mr. RISTINE—The only thing which occurs to me is that owing to the position which the matter assumed when we were East, the Trunk Lines may consider that the Trans-Continental Association did not make an effort did not present the facts as an Association. Certainly Mr. Stubbs presented the facts to them ably, but they regarded his arguments more in the light of an appeal from the "Sunset" Route rather than from the Association, and it occurred to me that possibly if a committee went there authorized to act by the Association they might be able to influence them to assist us in maintaining this traffic by all rail. We all realize that the only way to maintain it is by the aid of some few special contracts.

Mr. STUBBS—We went down there as representatives of this Association for the purpose of getting the Trunk Lines to adopt this Tariff, also to induce them to agree to a few special contracts.

Mr. RISTINE—Yes.

Mr. STUBBS—When we got there the Trunk Lines switched off from that and brought up the question of the "Sunset" Route, saying they would not discuss the proposition of the Tariff or the contracts at all until the question of the restriction of territory and the pool with the "Sunset" was decided. The debate was altogether devoted to that par-

ticular subject. I do not think that they need any light upon the subject of contracts. I do not think we have any new light to give them. We certainly had the opportunity to give them all that was requisite or wanted on that day. They understand it; but if there is any hope that it will change their views, I think that the experiment would be worth the trial.

The COMMISSIONER—Mr. Hanuaford, what is your opinion upon this proposition?

Mr. HANNAFORD—I think a committee could get some concessions from the Trunk Lines in the way of specials, from the talk we had there—that is, assuming that their differences with the “Sunset” have been satisfactorily adjusted.

Mr. STUBBS—I think we had better go ahead and see whether we are going to have a Trans-Continental Association before we proceed any further upon a proposition as to what that Association shall or shall not do.

Mr. RISTINE—Have you seen the circular of the Joint Executive Committee?

Mr. STUBBS—Yes, I have seen it.

Mr. RISTINE—I would suggest that the Commissioner read it.

The COMMISSIONER introduced the circular, reading as follows:

CIRCULAR No. 674—JOINT EXECUTIVE COMMITTEE.

TRUNK LINE COMMISSION.
346 BROADWAY, NEW YORK, Jan. 7, 85. }

Agreement Regarding Pacific Coast Traffic.

Notice is hereby given that the following agreement regarding rates on Pacific Coast traffic has been made:

That, taking effect January 8th, 1885, the following through rates shall apply on all traffic to Pacific Coast points from New York, Boston, Philadelphia and Baltimore and points common therewith:

Trunk Lines
circular ac-
cepting T.C.
A. west-
bound rates.

Classes.....	1st	2d.	3d.	4th.	5th.	6th.	7th.	8th.	9th.	10th.
	\$5.00	\$4.00	\$3.00	\$2.75	\$2.50	\$2.25	\$2.00	\$1.75	\$1.50	\$1.25

Trans-Continental Association Classification No. 1, taking effect January 1st, 1885, to govern.

That the system of special contracts will be discontinued after December 31st, 1884, and all shipments shall be billed in accordance with the tariff.

It was also agreed that the "Sunset Route" shall not take shipments from any interior points west of New York, Philadelphia and Baltimore, nor from New Jersey or Hudson River points.

ALBERT FINK,
Commissioner.

C. W. BULLEN,
Secretary.

Mr. STUBBS—That is not literally what was agreed to. We did not agree that we would not take freight from New Jersey points, that ought to be regarded as east of New York or east of Trenton.

Referring to
suggested
telegram to
be sent the
Trunk Lines
see page 38.

The COMMISSIONER—This takes us back to the proposition as to whether the dispatch proposed by Mr. Ristine shall be forwarded or not. What is your opinion, Mr. Goddard?

Mr. GODDARD—I have no objection. But I do not think anything can be accomplished with the Trunk Lines either by letter or message. They should be seen personally.

Vote upon
the proposi-
tion to send
telegram to
Trunk Lines

The question was submitted to vote, resulting in its unanimous acceptance.

Mr. STUBBS—We are arranging to make rates from New York half a cent per gallon higher than from Cleveland, cutting the Sunset out and centering the business in the hands of individuals.

Mr. TOWNE—Why not word your telegram to cover that?

Objection to
forwarding
telegram to
Trunk Lines

Mr. STUBBS—I advocated asking Pittsburgh, Buffalo and Cleveland rate from New York. There is another reason why that dispatch should not go. It is this: that it contemplates making the rates open, that is, the rates as named in that dispatch, open to everybody, while part of our agree-

ment with the Standard Oil Company was that these proposed rates should be special to them, and that others should take the Open Tariff. If that dispatch is answered favorably, and the rates are put in, we violate our agreement with these parties, and there is then no agreement on any Oil rates.

Mr. TOWNE—Let the message be worded to cover the ground. My vote will stand the same, but I think we should word the message so as to cover that point.

Mr. RISTINE was of the opinion that it would not have that effect and argued that the only parties who could carry Oil in tank cars were the Standard and Continental Companies.

Mr. TOWNE offered the following:

Resolved, That the agreement to send dispatch to Assistant Commissioner Guilford, covering the Oil business for the year 1885, be reconsidered, and the matter referred to therein be placed in the hands of the Committee which it is proposed be appointed to wait upon him at an early day in connection with other matters of interest to this Association.

Resolution reconsidering the sending of telegram to Trunk Lines and placing the matter in the hands of a Committee.

Seconded by **Mr. MILLER**.

Adopted.

Mr. TOWNE—I move that the requirements of the Committee be drawn and submitted.

Mr. STUBBS thought that the contract with the Oil men would be a subject for conference with the Middle States Lines, as they would certainly be governed by the action of the Trunk Lines.

Further discussion on Oil rates.

Mr. TOWNE—(to Mr. Ristine)—I had an idea from you that the Association were committed to this special rate to these Oil Companies.

Mr. RISTINE—Mr. Stubbs and myself had a conference with the Standard and Continental Oil Companies in my office when I was Commissioner, and we made a proposition to them of $7\frac{1}{2}$ cents per gallon on tank, and I think $8\frac{1}{2}$ cents

on case, and we jointly indited a letter at that time to Mr. Vaillant, and sent copy of it to Mr. Midgley.

[Letter read.]

Mr. RISTINE—To that Mr. Vaillant replied that he expected to meet us shortly, and preferred to leave the matter open until that time. Mr. Midgley replied that the proposition contained in our letter was acceptable to them—that is, $7\frac{1}{2}$ tank and $8\frac{8}{10}$ case. But before we went to Chicago Mr. Stubbs received telegram from Mr. Tilford that the rates were entirely too high, and that they could not afford to pay them.

Mr. RISTINE explained the result of the conference between the representatives of the Trans-Continental and Middle and Western States Associations and the Oil Companies at Chicago, and stated that the understanding was that the rates would apply from Buffalo, Pittsburgh and Cleveland.

Mr. STUBBS—That was the understanding, but later on you had an interview with Mr. Midgley with the effect of the fact being elicited that if the Trunk Lines said there should be no contracts *they* would have no special contracts; hence he took the ground that that superseded his assent to our original proposition.

Mr. TOWNE—The matter of how to reach it I do not care very much about. I hope, however, you will keep it off the clippers.

Mr. GODDARD—I do not understand, Mr. Chairman, that they have withdrawn any action regarding interior business from what was done in Chicago. They agreed to stand in with the Trunk Lines on Seaboard business. The Trunk Lines have no interest in, nor have they any right to interfere with the Middle States Lines as to business from Cleveland and Pittsburgh. My understanding is that the action taken in Chicago, still stands absolutely.

Mr. STUBBS—You are taking a contrary action to that which you took in Chicago. [I labored very hard to get that out of Mr. Midgley. I labored to find whether they would

stand in with the Trunk Lines on Atlantic seaboard business, and whether they meant their action to apply on all business. Report came back that they propossd to do precisely as the Trunk Lines did. If there were no special contracts from New York, there would be none from Chicago. That is what I understand the position to be now. If I am wrong, I want to be set right.

Mr. MILLER—I think you are right.

Mr. RISTINE—I should infer that these Oil rates were separate from and independent of the general tariff.

The COMMISSIONER—Relative to the Oil from Cleveland, I received a telegram from Mr. Vaillant asking how he should bill oil from Cleveland, to which I replied: "At \$1.50 to outside parties."

Mr. STUBBS—I think that is all right so far as Cleveland and Buffalo are concerned, but still the record stands so that if they choose to do it Mr. Midgley could say: "You had notice that we would not join in any of these rates."

Mr. MILLER—They have issued list of arbitrarities to apply on this business, regardless of origin. That is why I think you are correct.

Mr. STUBBS—Would it not be a pretty good idea to ascertain how we stand on this?

Mr. GODDARD—Does not the resolution of Mr. Towne place the whole question in the hands of a proposed Committee?

Mr. STUBBS—Do you not think, Mr. Goddard, that we should take some immediate action on this subject? These men I think understand that the contract is off, and I feel that we ought to take care of them; in other words, if the Iowa lines or any lines east go back on this special, that until we give them notice and they have an opportunity to change their method of doing the business, the Trans-Continental Association will see them out in the matter, no mat-

ter what it costs. Therefore, I think it would be wise for us to ascertain exactly from the lines west of Pittsburgh and Chicago whether they are going to stand in on these contracts or not.

The COMMISSIONER—On the same day that we sent the letter to Mr. Guilford we sent a letter to Mr. Midgley, making rate from Chicago 7 cents on tank and $7\frac{1}{2}$ on case, and asking him to reply by wire, but he has not replied as yet. I don't know whether he will accept or not.

Mr. STUBBS—If steps have been taken to achieve this result we need not discuss it further; but I want to ascertain just how we stand on this whole business. We have labored for years to get it fixed to our lines, and we now have it fixed very nicely—better, possibly, than it ever was before—and where we think we could profit by the efforts we have made in the past, and now these new complications have arisen which threaten our feeling of security.

The COMMISSIONER—This proposition of 7 cents in tanks makes the rate from Chicago the same as it was from Cleveland last year. I think they will accept it without demur.

Mr. STUBBS—I do not know that any very serious result would follow if we did not secure the Cleveland rates from New York. At the same time I think we ought to make the rates the same.

Mr. RISTINE—I think we will receive some reply before this meeting adjourns, and that the matter is in good shape to rest just as it is for a day or two.

Mr. STUBBS—I move—

That we proceed in the order of the resolution adopted yesterday.

Adopted.

Resolution
on Order of
Procedure—
see page 12.

Territorial
division;
Expressions
upon.

The COMMISSIONER read the first clause of the resolution, and declared that to be the first question for debate.

The COMMISSIONER—Mr. Kimball, I would ask you if you think there should be any change so far as your Company is concerned in regard to the territorial division heretofore existing?

Mr. KIMBALL—I think that the territorial division is satisfactory.

The COMMISSIONER—What is your opinion, Mr. Oakes?

Mr. OAKES—I think that is all right.

The Commissioner asked for expressions from the representatives of the Southern Lines upon the question.

No objections being offered, and the morning having already been expended, a recess was taken until 2 p. m.

THURSDAY, January 15th—Afternoon Session.

Meeting convened at 2.30 p. m.

All members represented.

The COMMISSIONER—The matter of Mr. Stubbs' resolution, the first clause of which, referring to the territorial boundary lines between the Northern and the Southern Lines, seemed to be acceptable to the members this morning, the next subject for debate, under the order of the resolution, is the second clause, which proposes two pools as between the Southern Lines.

Mr. STUBBS—I thought before we adjourned that the matter of the first section of the resolution was under discussion.

The COMMISSIONER—I understood it to be settled by common consent. The question was submitted, and there certainly were no objections.

Mr. STUBBS—Let me call your attention to the fact that that first section involves more than perhaps you might think from a cursory reading. Mr. Kimball asked me a

Territorial
division and
terms there-
of; discus-
sion upon.

question, when the resolution was under discussion, what I meant by territorial division, to which I replied that I meant not only the division of the territory, but also the terms under which each would consent to occupy that territory and that alone. Now, the mere fact that we all agree that the northern boundary of California shall constitute the line of demarcation between the territories, does not constitute a complete agreement as to the territorial division. Why? because the Oregon Short Line, the O. R. & N. and the Northern Pacific Companies have not consented to occupy that territory as yet, and they will not until we say something to them and we have not consented to occupy the territory south of that until we have made some trade with these gentlemen. Therefore the first section, as I understand it, brings up the whole question as to whether the O. S. L., O. R. & N., and Northern Pacific Companies will consent to occupy the territory north of the boundary line, and if they will, upon what terms, and then whether we can agree upon those terms.

The COMMISSIONER—Mr. Kimball was asked his opinion on that matter, and he stated that the territorial division was perfectly satisfactory. I believe Mr. Hannaford similarly expressed himself.

Mr. KIMBALL—The physical division of territory is satisfactory. As Mr. Stubbs states it, the question is upon the terms of occupation of that territory.

The COMMISSIONER—We will consider then that the matter of the first section is still open for debate.

Mr. OAKES—Mr. Chairman, gentlemen, you will remember at Chicago, just before we adjourned, that I offered a motion, asking that the Association allow to the Northern Lines eight per cent. of the gross revenue on San Francisco business, less, of course, the deductions which have been conceded from time to time, and when that resolution was offered, Mr. Goddard, if I remember right, submitted an amendment. I asked for eight per cent. and he asked, if

action was had upon that proposition, that eight per cent., or any other percentage that might be agreed upon, should be allowed to the Southern Lines upon Portland business. Since I have been here I have had some talk with other members of the Association, and we have studied to reach some solution of the question that would be acceptable to Mr. Goddard and to others of the Association, who think that some allowance should be made to the Southern Lines as well as to the Northern Lines; and I have prepared a rough memo. here of the results under a proposition which I am about to submit.

We find from the Commissioner's statements that the actual gross earnings on Portland business for nine months amount to \$1,277,394; on San Francisco business for same period, \$5,791,000. I have added to the figures of each point an estimated amount for the three remaining months of the year, at the same rate per month; that is, I have added one-third, which brings the total up to \$1,703,000 for Portland, and for San Francisco \$7,721,000. The net result of an allowance of ten per cent. on the business of each place would be to yield to the Northern Lines $7\frac{1}{2}$ per cent. instead of 6 per cent., which amount they are now receiving. Mr. Stubbs has figured the actual amount for nine months, or rather has figured upon the actual revenue for nine months. He makes it very nearly eight per cent.

I would say, if this proposition is accepted, the Northern Lines would be willing, and it might be qualified that they shall in no event receive to exceed seven and one-half per cent. as the net difference between the two allowances. Deducting from this amount the amount we pay out for expenses, would leave \$529,781, say $6\frac{3}{4}$ per cent. I think if this allowance is made an agreement can be reached between the Northern Pacific and the Union Pacific for division of the amount, and I do not well see how any agreement can be arrived at as between the two companies, unless some additional allowance is made to the Northern Lines, an amount that will in some degree compensate the Northern Pacific for what they will have to yield to the Union Pacific.

Proposition
for terms of
occupance
of Northern
Territory.

Comparative
earnings on
Portland
and San
Francisco
business.

Result of an
allowance of
10 per cent
on the busi-
ness of each
point.

Net differ-
ence be-
tween ex-
changeable
percentages
not to ex-
ceed $7\frac{3}{4}$ per
cent. on San
Francisco
business.

Comparative growth of business at San Francisco and Portland.

N. P. undesirable of competition

From observation of the growth of business at the two points, I am confident that the ratio of growth in the business of Portland will far exceed that of San Francisco, and in a proposition of this kind there is an element which appeals to some members of this Association. The best illustration I can give of it would be the experience of the investor who always wanted a good bond—always wanted a first class first mortgage bond—a bond about which there could be no question at all. In buying that bond he wanted an element of speculation. There is an element of speculation in this proposition, and I think in the next twelve months, and before the year is through, it will be found that the Association actually will not be called upon to pay the Northern Lines as much as they have paid the past year, and I think it is a proposition that is entitled to the serious consideration of the Association, and I submit it in the best of faith, for the sole purpose of bringing about harmony, and in the belief that the Northern Pacific is conceding a good deal. I very much doubt if the Northern Pacific the last year has been properly compensated for keeping out of this field, but we agreed to stand by it and we have done so. We do not want to go into San Francisco. We feel if we ever should enter the San Francisco field for business it would be very difficult for us to withdraw. On the other hand, we feel that if the Central Pacific entered the Portland field it would be very difficult for them to withdraw, and we would never have peace. It would still further complicate the situation, and be still more difficult to arrive at any arrangement that would do as full justice to all the interests involved as an arrangement such as we have had the last year, and which I hope we will have during this year.

The COMMISSIONER asked for expressions on the part of the Southern Lines upon the proposition.

Position of A., T. & S. F. on question of N. P. subsidy.

Mr. GODDARD—I cannot speak from the text, as I have not figured sufficiently to argue the matter intelligently. I can say as a principle, however, that it seems to me that the amount we have been allowing to the Northern Lines is

certainly ample, and I have no reason to expect that our people would consent to an increase of that amount, whether it stands as it is to-day, or whether it is exchangeable on a percentage of Portland and San Francisco business. That portion of it makes but little difference to us.

Mr. MUIR—I would like to know how much the Association pays to the Pacific Mail account of subsidy?

P. M. S. S.
subsidy.

Mr. STUBBS—\$95,000 per month both ways. Probably, deducting amount of credit account of space, it amounts to \$55,000 or \$60,000 per month.

The Commissioner presented statement of the subsidy paid from October 1, 1883, to November 30, 1884, which showed total of \$940,901.79 for that period.

Mr. GODDARD—It seems to me, Mr. Chairman, that perhaps it is a favorable time to raise the question as to whether the extension of a line already constructed, forming a second route to a given point, adds to its strength in the consideration of percentages. There is a principle involved in this question that possibly we may be interested in later. We might get that principle settled.

Second
Routes. Do
they aug-
ment posi-
tion of any
line in ques-
tion of per
cents?

Mr. STEBBINS—Are you willing to take your percentage on the basis of your connection with the D. & R. G., your short line?

Mr. GODDARD—I do not quite understand your proposition.

Mr. OAKES—He wants to make a partner of you as via the D. & R. G., it being your short line.

Mr. GODDARD—I do not know, Mr. Stebbins, but what that would be a good proposition—one worthy of consideration.

Mr. STEBBINS—I understood that what you were getting at was that the Oregon Short Line does not increase the capacity of the Union Pacific for earnings; that it should be tested by its short line to Ogden.

Mr. GODDARD—That was as to California business. It is a question that applies in several different shapes, and I thought perhaps we had better settle it.

Mr. OAKES—Yours would be almost a parallel case. You have already your San Francisco Line; you *will have* your line to San Diego.

Discussion deferred.

Proposition
of Northern
Lines. (See
page 55.)

Mr. OAKES—I submitted a proposition. I would like the Association to take some action upon it.

The COMMISSIONER—The proposition submitted by Mr. Oakes relative to the terms associate with the division of territory as between the members, is before the meeting. No one but Mr. Goddard has as yet expressed himself upon the proposition.

Mr. OAKES—You can consider the proposition as a resolution; so much of it as applies to the percentages proposed to be allotted as between the Northern and Southern Lines.

Seconded by Mr. STUBBS.

On subdivi-
sion be-
tween
Northern
Lines of pro-
posed sub-
sidy.

Mr. KIMBALL—Mr. Chairman, if I understand this proposition, it is that the Southern Lines or California Lines pay ten per cent. to the Northern Lines of the revenue upon San Francisco business, and that the Northern Lines pay to the Southern Lines ten per cent. of the revenue upon Portland business, but that there is no provision in that resolution to determine how much of the subsidy paid by Southern Lines to the North shall go to either member of the Associated Lines on the North.

Mr. TOWNE—That would be a matter between yourselves.

Mr. KIMBALL—So that is a matter to adjust between ourselves. My friend, Mr. Oakes, has had more experience in "blind pools" than I have, and I would like to know in some definite form how the Union Pacific interest would come out on that proposition. If I am not mistaken in my figures, the Union Pacific on that basis, taking \$1,750,000 as



the revenues on Portland, and \$7,750,000 for the revenues on San Francisco, the Union Pacific interest—treating on the north the lines as one, and on the south making our percentage practically that we have under the Tucker award—would contribute \$242,000 of that subsidy we pay into the pool on the North and the pool on the South. But if Mr. Oakes is not ready to declare the basis of division between the two companies, I am willing for the first time to go in with the Northern Pacific on a "blind pool," and I will vote "Aye" on the resolution.

Mr. OAKES—Do you want me to state publicly what we are willing to do?

Mr. KIMBALL—No; it is not necessary.

The vote stood as follows:

Northern
subsidy
proposition;
vote there-
on.

Ayes—G. H. & S. A., N. P., O. R. & N., U. P.—4.

Nays—A. T. S. F., A. & P., B. & M., C. P., D. & R. G., D. & R. G. W., S. P., T. & P.—8.

Declared lost.

Mr. STUBBS—Can you tell us what the vote was on the eight per cent. proposition at Chicago?

Votes on
previous
subsidy
proposi-
tions.

The COMMISSIONER—Ayes 6, nays 6, upon Mr. Goddard's amendment; ayes 3, nays 8, upon Mr. Oakes' resolution.

Mr. STUBBS—What percentage did the Union Pacific pay of the Northern Pacific subsidy?

U. P. per
cent. of N.
P. subsidy,
1884.

The COMMISSIONER—From November, 1883, to July 31, 1884, they have paid $26 \frac{825}{1000}$ per cent.

Mr. STUBBS—Under Mr. Tucker's award, if that is correct, they would pay about 18 per cent.

The COMMISSIONER—If the Tucker award covered the whole settlement, they would.

Mr. STUBBS—Passenger and Freight together, say 20 per cent., and the other lines would only have to pay four-fifths of the subsidy, and in round numbers the subsidy is 6 per cent.

Mr. RISTINE submitted the following:

Proposition
by Southern
Lines.

Resolved, That the Southern Lines allow to the Northern Lines—that is, the Oregon Short Line, the Oregon Railway & Navigation and Northern Pacific Companies—a moneyed allowance of 6 per cent. on San Francisco business, to be divided between the lines in interest in such manner as they can agree upon, and that the Northern Lines pay to the Southern Lines 6 per cent. on Portland traffic.

Seconded by Mr. GODDARD.

Question on
intent of
resolution.

Mr. OAKES—I would like to know if it is the desire of this Association to break up, and whether there is no Line here having the courage to take a step in that direction; because, if it is the desire of the Association to break here, I can tell them that the Northern Pacific stands ready to break it so far as they are concerned.

Amendment
thereto.

Mr. STUBBS—I move to amend, substituting “8 per cent.” for “6 per cent.” wherever it appears. I think it is idle to waste time upon a proposition which we know will not be accepted.

Seconded by Mr. ECCLES.

Adopted unanimously.

The COMMISSIONER—Upon the resolution as amended—

Mr. STUBBS—I wish to state that I vote for that resolution with the understanding that another resolution, or an understanding which will be a matter of record, be reached, to the effect that this is done in consideration of the one keeping out of the other's territory, and also with the understanding that these Northern Lines shall agree, as the Northern Pacific has in the past, to pay their share of Pacific Mail and other subsidies.

Mr. GODDARD—That is my understanding of it.

Northern
Lines to
share in P.
M. S. S. and
other subsi-
dies.

Encroach-
ment of
either set of
lines on ter-
ritory of the
other.
Transfer of
revenue
therefrom;
debate upon

Mr. OAKES—I think there should be a resolution such as Mr. Stubbs suggests. When it comes to vote I shall also move as a further understanding, if the resolution be adopted by the Association, that the gross revenue from the entire Oregon business done by the Southern Lines shall be re-

ported and paid to the Northern Lines, and that the gross revenue from the entire business for southern territory done by the Northern Lines shall be paid by said Northern Lines to the Southern Lines. Each territory is entitled to full and absolute protection against the encroachments of the lines in the other—a thing that will work both ways.

Mr. STUBBS—If I understand your suggestion, it is that if you carry any San Francisco business, notwithstanding you receive full rates thereon, you turn the revenue over to us, and *vice versa* on Portland business. I prefer not to answer now, but it strikes me that I should be very unwilling to take a position that would require me or my agent to say to a man who offers goods, which may or may not be ultimately destined to Portland, charging full rates thereon to San Francisco, that he must refuse them.

Mr. SHELBY—It has been done right along.

Mr. STUBBS—I don't think we could legally take that position. I am perfectly willing to do anything that will secure a fair and square maintenance of rates; to do everything that I can to discourage shipments this way, but I do not want to be drawn into a position of doing what the law would not permit us to do.

Mr. OAKES—I do not think you will ever be called upon to decide a question of that kind if the full rates are quoted. But during the demoralization, which lasted two or three months, we proved beyond question that a revenue of \$12,000 had been diverted, which was due to the fact of very low rates ruling via San Francisco.

Mr. STUBBS—You know how that came about. We charged Contract rates on it. As soon as my attention was called to it, I said to the Commissioner that under the Contract I held that we had the right to do that, but nevertheless, whenever he wished to issue an order or ruling to the effect that full tariff—Open Tariff—should be charged by either line on business known to be destined to the other's territory, that we should abide by it.

Mr. OAKES—I take it to be the sense and desire of the members of this Association to have an absolute territorial division, and with that understanding I am willing to conform to any arrangement that may be agreed upon which will carry out that idea.

Mr. RISTINE—Let me ask you one question: Suppose the Northern line should be disabled, should you ask that the revenue be turned over then?

Mr. OAKES—I should be willing to qualify it, that whenever either line is blocked, we shall recognize such physical fact.

Mr. RISTINE—It should be qualified.

Mr. STUBBS—Suppose British Columbia merchants should fear something of that kind, and send freight our way, and we should charge full tariff to San Francisco, and be able to absolutely prove to you that we did not seek this traffic, what would be your position? When we had the scheme of Contract Rates and Open Tariff, it was very difficult to control that matter, but now that we proceed upon one tariff, it seems to me you have nothing to fear. If this agreement is had we shall do our utmost to satisfy you in the matter as to good faith, and discourage it wherever we can, so far as our interest goes.

Vote upon
proposition
of Southern
Lines.

The vote stood:

Ayes—A. T. & S. F., A. & P., B. & M., C. P., D. & R. G., D. & R. G. W., G. H. & S. A., S. P., T. & P.—9.

Nays—N. P., O. R. N., U. P.—3.

Declared lost.

Justice of
the demand;
debate upon

Mr. STUBBS—I do not know but what we might just as well talk right out in meeting on this proposition. As I figured it, taking nine months' business, as figured by the Commissioner, this proposition, which has just been voted down because it requires unanimity, would result in a net revenue to the Northern Lines of $6\frac{4}{10}$ per cent. of the San Francisco

revenue, an increase of four-tenths per cent. I have heard indirectly that an offer was made I believe to the Union Pacific, to be relieved by the other lines, on account of its Oregon Short Line, of its proportion of whatever subsidy was paid, and *that* on the allowed 6 per cent. amounted to about 2 per cent. This would give the Northern Pacific and O. R. & N., net 4 per cent. And I presume that the Northern Pacific and O. R. & N. could afford to go a step further, and *say* they would also be allowed the excess of the 6 per cent., which amount would practically give them $2\frac{4}{10}$ per cent. Now, I honestly think that $2\frac{4}{10}$ per cent. or thereabouts, is all that the Union Pacific ought to ask, even if it can consistently ask anything on account of its Oregon Short Line. In the first place, I do not think that the Union Pacific can legally divert a pound of San Francisco business after once touching its line, to the Oregon Short Line. In the second place, the route via Portland is certainly not as good a route as the one direct over the Central Pacific. It could hardly expect to do business via Portland to San Francisco, to send what it chose that way and to use the Central Pacific as a convenience. I give this simply as a matter of opinion, as though I were occupying a disinterested standpoint; that it would have to use the Portland route for all or none of the San Francisco business. I want it understood that I do not say that this argument indicates any policy on the part of the Central Pacific. I am not qualified to speak on that point, Mr. Kimball. I speak as though I sustained no relation to the Central Pacific interest. Independent of that proposition, the moment the Union Pacific attempts to divert San Francisco freight via Portland, it abandons a good line for a bad line. Relatively, it certainly increases its time, increases its transfers, and puts itself in a very disadvantageous position as compared with the Atchison and Atlantic & Pacific Line, and I think we can afford to stand on the eight per cent proposition, and I believe that the representatives of the Union Pacific can afford to support the proposition, and justify their action to the owners of their road.

Legal aspect

Mr. KIMBALL—I would like to know what Mr. Stubbs means when he says that the Union Pacific, or Union Pacific men, cannot ship direct to San Francisco by way of the Oregon Short Line, after freight has once come into possession of that company.

Mr. STUBBS—*I said* that it was my opinion that the Union Pacific had no legal right to divert freight after it had once come on to the Union Pacific Line, destined for San Francisco, off from its line to the Oregon Short Line.

Mr. KIMBALL—I do not see the force of your argument. The lines in question are built under one charter, officered by the same men, and the business would be conducted upon the same basis as any other west-bound business passing over our line. I would like to have you explain how that principle would apply to the "Sunset Route," to the Deming & El Paso Route, to the Mojave Route.

Mr. STUBBS—The position of the two lines is entirely different—different in principle. The freight that the "Sunset" Line takes up does not touch the Central Pacific at all until it is handed to it; and the Southern Pacific has a free and independent entrance into San Francisco by contract.

Explanation
of Northern
Tripartite
Contract
and effect
thereof.

Mr. KIMBALL—I might as well explain, while I am about it, another thing. It may not be known to the members of this Association, but it is nevertheless the fact, that the Union Pacific, the Oregon Short Line and the O. R. & N. are all under a contract by which the O. R. & N. can declare the line open from San Francisco to Omaha and Council Bluffs via the Union Pacific, and we are bound to keep it open to receive and handle traffic as may be delivered to us. Now, the O. R. & N. Co. come here and say to this Association, "We are willing to compromise the opportunity we have to take traffic by this line. We have served no notice on the Union Pacific and Oregon Short Line that we are in the field for San Francisco business, and we are not prepared to do it until we ascertain whether any consideration will be given to

our interest by a subsidy." And I say this now, and I know it will turn out true, that unless a reasonable and fair consideration is given that interest, we shall be called upon inside of thirty days to open the line. Therefore we must weigh that question for what it is worth, and meet it here and now. I am not here begging a subsidy for the Oregon Short Line. I am not here asking what is an unreasonable consideration for keeping out of San Francisco, taking the situation into account. Now, it is for us, as the Trans-Continental Association, to weigh carefully all the considerations in the present situation, and decide fairly, and make an agreement and live up to it, squarely. If we have asked too much we will take less, but I want to be convinced that the subsidy we have asked is too much.

Mr. STUBBS—I did not understand, Mr. Kimball, that the O. R. & N. had the right to open that line. I supposed that you would open it west-bound, and that possibly there might be a reciprocal understanding that they open it east-bound. I have read the contract, but have not noticed the point you raise. I know this, however, if I remember the terms of the contract correctly, that the O. R. & N. Co. get nothing in addition to their Portland percentage for the service performed between Portland and San Francisco, and so far as San Francisco business is concerned, it would be done based on the revenue they get out of Portland business, they doing the work to San Francisco for nothing, and I think they would hardly enforce the opening of the line on such conditions. We do not understand that the O. R. & N. urge this point. We do understand that the Union Pacific and Oregon Short Line urge this point. We would not have any difficulty in getting along with the O. R. & N. if it was not for the Union Pacific.

Mr. GODDARD—I can only speak for our own Company, that so far as the subsidy for the Northern Lines is concerned, I have gone beyond my limit already, and I cannot consider any proposition which would increase that amount.

A. T. & S. F.
ultimat um.

Mr. OAKES—I move that we adjourn until to-morrow morning at 10 o'clock.

Seconded by Mr. MILLER.

Carried.

FRIDAY, *January 16th*—Morning Session.

Ballast, Un-
loader, etc.;
request for
rate on.

The COMMISSIONER—Before the regular business of this meeting is taken up I should like to present a telegram I have received from Mr. Midgley, asking for a rate which I should prefer that the Association decide. He asks rate on a Ballast Unloader, 2800 pounds, and on one Steam Shovel, thirty tons, both on their own wheels, Chicago to San Francisco. It has been suggested that the Excavator rate be applied to the Steam Shovel, which would give a revenue west of the River of \$435, and on Ballast Unloader Empty Flat Car rate, both transported on their own wheels.

Mr. STUBBS was of the opinion that the Association does not want them on their own wheels, and that they should take a pretty good rate, as it could not be considered an experiment, as considerable trouble had previously proceeded from the haulage of similar traffic.

Mr. RISTINE proposed telegraphing Mr. Midgley for the dimensions of the running gear, as they generally had very small wheels, and it was necessary that they should come inside the limits prescribed by the classification.

Mr. STUBBS stated that he had no objection, provided they were on regular freight car trucks and of such dimensions as could be safely transported over the grades and curves of the Central or Southern Pacific roads, and if the outside measurement would permit their safe passage of the platforms, snow-sheds and tunnels. He, however, desired it understood that the Central Pacific reserved the right of inspection at El Paso, Deming, Mojave or Ogden, and of refusal if found to be inconsistent with the requirements; further, that the guarantee of rates would be considered as abrogated.

It was agreed to forward to Commissioner Midgley the following telegram:

Allowing eighteen thousand pounds for running gear, will accept Machinery rate carload on balance Steam Shovel, provided trucks under same will pass inspection at Missouri River and at Central and Southern Pacific eastern terminals, and provided also that the dimensions are within the limits prescribed in the classification. Rate on Ballast Unloader, two hundred dollars, Missouri River to San Francisco, subject to same inspection.

The COMMISSIONER—Are there any suggestions to offer upon the question of yesterday's session—the question of subsidizing the Northern Lines? Mr. Kimball, have you anything to offer?

Mr. KIMBALL—Is there any motion or resolution before the meeting?

The COMMISSIONER—No, sir; only the matter of terms upon which the Northern Lines will consent to occupy the northern territory. The first section of the resolution upon the Order of procedure has not yet been disposed of.

Mr. STUBBS—Mr. Chairman, we have had under consideration this question of terms of the territorial division between the Oregon Lines and the California Lines. We seem to have come to a stop. Perhaps it would be a good idea to let the contestants get a little breath. We might afford to take up another part of that resolution, and I would move

That we consider the question as to division of the pooled earnings as between the lines forming the Eastern Pool, east of Ogden, Albuquerque, El Paso and Deming.

This in order to invite suggestions, or to agree upon some plan as to how these divisions shall be determined, in the event that ultimately all the other questions are disposed of.

Not seconded.

Mr. RISTINE offered the following:

Resolved, That the Lines known as the Southern or California Lines shall pay to the Oregon Short Line, Northern Pacific and Oregon Railway & Navigation Companies jointly, in full of their shares, jointly and severally, of the entire California business, eight per cent. of the earnings accruing to

Northern Lines' Subsidy; debate resumed.

Proposal to temporarily table first section of resolution.

Resolution to fix Subsidy for Northern Lines, and debate thereon.
See page 69.

the said Southern or California Lines on business between San Francisco and points east of the 97th meridian of longitude on the East, except business received from or delivered to the O. & O. S. S. Co. or the P. M. S. S. Co., it being understood that the Oregon Short Line, Northern Pacific and O. R. & N. Co.'s share in all subsidies to be paid to the P. M. S. S. Co. or others, in accordance with Section VII, and the Commissioner's expenses, in accordance with Section XII; and the O. S. Line, N. P. and O. R. & N. Companies shall pay to the Southern or California Lines in full of their shares of the entire Oregon and Washington Territory business, eight per cent. on business between Portland and points east of the 97th meridian of longitude on the East.

Seconded by Mr. ECCLES.

Mr. STUBBS—I would like to ask if that resolution does not change the proposition of yesterday from applying the eight per cent. to San Francisco business only and to Portland business only, to the entire California business, and the entire Washington Territory business, etc.?

Mr. RISTINE—I think not.

Mr. STUBBS—It seems to be worded so as to take care of the expenses of the Commissioner, and subsidy of the Pacific Mail.

Amendment
thereto; de-
bate on.

Mr. OAKES—I move an amendment, by adding after the word "Portland"—

Save and excepting such business as may be destined to or coming from points reached by the Occidental & Oriental and Pacific Mail Steamship Companies.

The object of the amendment is to provide that the Oregon Lines shall not pay into the pool revenue from business from China and Japan. Suppose we should have a steamship line before the end of the year. We should not want to put it in unless you did.

Mr. STUBBS asked if that was not covered by the exclusion of British Columbia, etc.?

Mr. OAKES called attention to the fact that other California business is excluded, which should be considered as offsetting the British Columbia and other exclusions.

Mr. STUBBS argued that none of the points excluded in California could be considered on the same plane and in the same sense as Tacoma, Seattle and other Northern points, which are excluded.

Mr. OAKES thought such points could be reached by the Pacific Coast Steamship Company, and that therefore one should be considered as offsetting the other.

Mr. GODDARD asked for the understanding.

Mr. OAKES—My understanding of that exception is this. Two steamship lines belong to or are controlled by the Central and Union Pacific Companies, hence we cannot properly participate in that business. On the other hand, we may have steamships engaged in the same business which we may control, and we could not consider that the Southern Lines could legitimately participate in that business except by mutual agreement.

Mr. TOWNE—Would not that be a proper subject to take up when you are ready to put the steamers on?

Mr. OAKES—You cover it so far as the Southern Lines are concerned in the first part of the resolution. You should eliminate it.

Mr. STUBBS—I think you will find that this matter was debated at the meeting here a year ago. We would be in exactly the same boat if you should put on a steamship line.

Mr. TOWNE—I concede the point, and am willing that it shall be included in the resolution.

The proposition was accepted by the authors of the resolution and included therein.

Terms of
amendment
conceded.

The COMMISSIONER—The resolution now reads as follows:

Resolved, That the lines known as the Southern or California Lines shall pay to the Oregon Short Line, Northern Pacific and Oregon Railway & Navigation Companies jointly, in full of their shares, jointly and severally, of the entire California business, eight per cent of the earnings accruing to the said Southern or California Lines on business between San Francisco

Resolution
as finally
adopted.

and points east of the 97th meridian of longitude on the East, except business received from or delivered to the Occidental & Oriental Steamship Company or the Pacific Mail Steamship Company. It being understood that the Oregon Short Line, Northern Pacific and Oregon Railway & Navigation Companies share in all subsidies to be paid to the Pacific Mail Steamship Company or others, in accordance with Section VII, and the Commissioner's expenses, in accordance with Section XII; and the Oregon Short Line, Northern Pacific and Oregon Railway & Navigation Companies shall pay to the Southern or California Lines, in full of their shares of the entire Oregon and Washington Territory business, eight per cent. on business between Portland and points east of the 97th meridian of longitude on the East, save and excepting business passing through Portland to or from Trans-Pacific ports reached by the Pacific Mail or Occidental & Oriental Steamship Companies.]

Carried unanimously.

O. R. & N.
ask to par-
ticipate in
Subsidy
paid to
Southern
Lines; de-
bate thereon

Mr. MUIR—Mr. Commissioner, it is understood of course that of the proportion of eight per cent. that is paid on Portland business by the Northern to the Southern Lines, the O. R. & N. will get its ocean proportion of that percentage, San Francisco to Portland. It forms part of the line by which you get that eight per cent.

Mr. GODDARD—Do you mean the proportion you receive in connection with the Oregon Short Line?

Mr. MUIR—I mean our proportion of the eight per cent. that is paid to the Southern Lines on Portland business.

Mr. STUBBS—He means like this: The eight per cent. that is subdivided between the Oregon Railway & Navigation, the Oregon Short Line and Northern Pacific Companies—he credits a portion of that to the Steamer Line of the O. R. & N. between Portland and San Francisco—and says upon reversal of the proposition which provides that the Northern Lines pay eight per cent. to the Southern Lines, this Steamship Line, Portland to San Francisco, must be regarded as part of the Southern Line. He wants to be on both sides of the fence. I do not look at it in that way at all. We are treating with the Northern Pacific, the Oregon Short Line and the O. R. & N. as rail lines and competitors, but not with your Steamship Line.

Mr. MUIR—We pay you eight per cent. to keep out of Portland. We form part of that line, and should get our percentage. The O. R. & N. is an established line.

Mr. STUBBS—In the same way the Central Pacific could go in and put on their steamers. I think it would do it under the circumstances if you are going to reason in that way.

Mr. MUIR—When that question comes up we might divide that ocean percentage. In the meanwhile we are an established line, and should have our proportion.

Mr. STUBBS—I say that you are not the only line—that there is an independent line in that Northern business. We set off to you the British Columbia business as well as Portland, do we not? or to these Northern Lines, and this is part of the consideration for setting that off. Now, there is an independent line running between here and British Columbia—sailing vessels controlled by merchants here.

Mr. MUIR—You set that Northern territory off to us, and we do not go down to your Southern ports, which we could easily do.

Mr. STUBBS—If you will read the resolution, you do not accept eight per cent., or we do not pay you eight per cent., for keeping out of San Francisco proper only. We pay you eight per cent. for keeping out of the entire California business. Likewise you pay us eight per cent., not to keep out of Portland only, but to keep out of the Oregon, Washington Territory and British Columbia business. Now, there are independent lines. If we should regard the O. R. & N. steamer line as a part of this through line, and entitled to a share of this eight per cent., I do not see why we should not regard every sailing vessel passing between here and Portland as participants in that eight per cent. I do not know why we should not regard the steamers of the Central Pacific as participants.

Mr. GODDARD—Did the resolution carry?

The COMMISSIONER—Yes.

Informal discussion.

Mr. STUBBS—We did not have any share in the subdivision of the six per cent. between the O. R. & N. and Northern Pacific. We left that to yourselves. We will have a little private seance with Mr. Prescott after this.

Mr. OAKES—I was going to suggest that this discussion had better be deferred.

Mr. RISTINE—I suppose Mr. Muir would be perfectly willing to pool the earnings he gets from the Oregon Short Line on San Francisco business.

Mr. TOWNE—We are going to ask you and Mr. Goddard to come in on this Pool down south, on Pacific Coast ports.

No action was had upon Mr. Muir's claim.

Upon the
question of
two Pools
between the
Southern
Lines.

Mr. GODDARD—I presume that the next business before the meeting is the second clause of the resolution.

Mr. STUBBS—I will renew my motion—

That we proceed to discuss the methods of distribution of the earnings between the Lines east of Ogden, Albuquerque, Deming and El Paso.

Mr. GODDARD—Before proceeding on that, I would like to ask whether the Western Lines will accept for themselves such share as the Eastern Lines may determine upon for themselves in consideration of their natural connections?

Mr. STUBBS—I might as well answer that by an explanation which it seems to me would be conclusive. The Central Pacific, the Southern Pacific and the Atlantic & Pacific Companies have now a pool of earnings that includes all the earnings subject to this Pool. It stands like this: that notwithstanding the settlement which we have made on the three months ending with December 31, there is still to be another settlement as between the three roads upon an agreement entered into previous to the October 1st Agreement of

the Trans-Continental Association. I should like to see that modified as they have more than they are entitled to. Whether it will be necessary to modify it, or whether we can get a modification of it, is another question; but because of the subsistence of that Agreement I do not see that that part of the question need delay the proceedings as to the division of the earnings between the lines east of these termini, it being understood, however, that a copy of the Agreement, either as it is or as it shall be made between these three Western Lines shall be filed with the Commissioner who shall have jurisdiction over the Western Pool, and a further understanding that when any modification is made, or if they fail to agree upon a continuance of the present Agreement or upon modification thereof, that that of course will upset the whole result of our conference here.

The COMMISSIONER—I would like to ask a question relative to the subsidies and expenses. Are they to be determined as heretofore?

Mr. STUBBS—As I understand it, the object of that resolution is simply making a division of the territory into two Pools, as between lines East and West of the termini named, but that every expense which is a charge against the lines, as a whole, west of St. Paul and west of Missouri River, Galveston and Houston, will be ascertained and subdivided precisely as it has been in the past, unless we should subsequently agree upon a different mode of dividing them, and I do not think it will interfere with your accounting in any way. You have to do the very same thing under one Pool as you would have to do under the two. I do not think it would increase the expense a particle.

Mr. RISTINE—I thought that was covered the other day—that the three Western Companies shall be severed only so far as the percentages are concerned.

Mr. KIMBALL—Mr. Chairman, if we should make declaration here that in the division of Trans-Continental business we shall treat the business west of the points of junction as the business of the Central and Southern

Proposition for three general divisions of the traffic as to line, and subdivision of the earnings.

Pacific Railroads agreeing among ourselves to form two or three General Lines, one by way of Ogden, taking in all the connections of the Central Pacific east of that point, another by way of Albuquerque and its connections east of that point of junction, and a third would be designated as the Deming & El Paso Line, taking the connections of the Southern Pacific east of those points. We can declare such amount of the total business of the Trans-Continental Association as shall belong to one or to each of these three Eastern Lines. Then the lines east of the point of junction can agree among themselves as to the subdivision of what is left of the earnings of each Line, after deducting the regular proportions used by the Southern and Central Pacific roads. I think we shall simplify the problem very much by agreeing to make these two or three general Lines of each system.

Mr. STUBBS—Let me see if I understand that proposition. That there shall be a grand division of the tonnage as between the three Lines, the Northern Line called the Central Pacific Line, the Central Line called the Atlantic & Pacific Line and the Southern called the Southern Line. Now, assuming for the purpose of illustration only, that we should declare that the total business shall be divided equally between these three Lines, that would give to the Central Pacific Line one-third, to the Atlantic & Pacific Line one-third, and the Southern Pacific Line one-third. It would follow then that the connections of the Central Pacific would be entitled to one-third of the total business. Now, in case it went to arbitration, or in case you undertake to settle it here, the questions would be: First. What are the true connections of the Central Pacific? Second. What shall be the division of this one-third of the gross earnings between the several connections of the Central Pacific? It would only be required first to determine what are the connections of the Atlantic & Pacific; then what shall be the subdivision of this one-third between the connections

of the Atlantic & Pacific, and likewise for the Southern Pacific. I think that could be done without interfering with the plan for two Pools at all.

Mr. KIMBALL—I make that suggestion, Mr. Chairman, with the understanding that the total business of the Trans-Continental Association is as absolutely under the control of that Association as if we pooled our earnings on the basis of the Tucker award. It is only a question of how we shall divide the revenues accruing under the Trans-Continental Association. On that proposition you would have to determine first, what would be the division between the three terminal Lines.

The COMMISSIONER—Well, under that last proposition would you consider it the proper thing to do in dividing to take, say 46 per cent. or the Ogden percentage on all these different routes?

Mr. STUBBS—No. The Central Pacific and its connections would divide on their regular basis. It is not possible for its connections to divide until they know what they have to divide.

Mr. KIMBALL—It would be 54 and 46 via Ogden.

The COMMISSIONER—My idea was, what are the different Terminal roads to accept of the entire business?

Mr. STUBBS—Suppose you should set off to the Central Pacific one third?

The COMMISSIONER—The supposition is not a good one. You have not agreed on that.

Mr. STUBBS—Suppose the Central Pacific Line between Kansas City and San Francisco should earn \$100,000. Now, in the division of that business, \$46,000 would go to the Central Pacific road, and 54 per cent. to the connections of that road. The 54 per cent. would then be divided between the Union Pacific, the D. & R. G. and the connections of the D. & R. G. If they should agree among them-

selves that the Union Pacific take half, and the D. & R. G. and connections take half, there would be 27 per cent. to each route; then the percentage of the D. & R. G. would be divided between itself and connections, and their regular percentages would prevail, I presume. Now then, if that Line were "short," and the other general Lines would have to pay to them say \$100,000, the first division of that \$100,000 would be 46 per cent. to the Central and 54 per cent. to its eastern connections, then that 54 per cent. would be divided in the manner I have explained.

The COMMISSIONER—I did not understand the proposition. I thought the three Terminal Lines were to take 100 per cent. and divide among themselves. For illustration, that the C. P. would take 40, the Southern Pacific 30, and the Atlantic & Pacific 30 of the entire business.

Mr. STUBBS—I do not understand that that is the intention that the three Terminal Lines shall settle the question of division between themselves. That is a matter these connections would have some voice in. It would be a matter for the Association to determine. For example, if a proposition was made here to divide, by giving the Central Pacific one-half, and 25 per cent. each to the Atlantic & Southern Pacific Lines, that proposition would have to be submitted to vote of the entire Association.

After an extended informal discussion, recess was taken until 2 p. m.

FRIDAY, *January 16th*—Afternoon Session.

Meeting convened at 2 p. m.

All members represented.

Commissioner's remarks.

The COMMISSIONER—The question as to the formation of two Pools, as between the Southern Lines, is still open. Mr. Kimball, have you any solution to offer?

Mr. KIMBALL—I would offer the following:

Resolved, That in dividing the revenues of this Association, after January 31, 1885, there shall be assigned to each of three General Lines or Routes, by mutual agreement or arbitration, its share of the total earnings from Trans-Continental traffic.

Resolutions providing for division of the traffic into three General lines and discussion thereon.

Resolved, That such lines shall be constituted as follows:

First—The Central Pacific Railroad and its connections east of Ogden.

Second—The Southern Pacific and Atlantic & Pacific Railroads and connections east of Albuquerque.

Third—The Southern Pacific Railroad and its connections east of Deming and El Paso.

Resolved, That when these general divisions of traffic have been so ascertained, the lines west of the above named points of junction shall take their regular percentages for the division of through rates, in dividing the award to each general route.

Resolved, That such lines as constitute the portion of each of the General Lines east of said junction points, shall at the earliest practicable date agree upon the percentages for their respective routes. Failing to agree on or before January 20th, these percentages shall be fixed by arbitration, the Arbitrator to be agreed upon before January 21, 1885.

Seconded by Mr. GODDARD.

Mr. STUBBS—I would like to know whether that does not have the effect of a substitute to the second portion of the resolution which was passed the other day, practically abandoning the idea of two Pools, and providing for one general settlement? If it does, I do not think we can vote for it. When Mr. Kimball spoke of that plan, in fact when I read the resolution, I supposed that the idea was simply to declare in the judgment of the Association what portion of the total traffic was due to each of these General Lines; and, so far as that goes, I could see no objection to it. But if it is intended to carry it further, so that the earnings of all members of the Association will go into one pot and be subdivided, it seems to me that we shall have to object to it. We believe that the true way of handling this business is for the three Companies forming the Western Termini of all these lines, to agree among themselves, as they practically have agreed, as to the division of their revenue between them. Then, leaving it

to the lines east of these three Terminal Lines to determine for themselves how they will divide their gross earnings under the Contract. I am free to confess that I cannot see how there need be any conflict between the two resolutions, provided we still adhere to the idea of two Pools, east and west of Ogden, Albuquerque, Deming and El Paso, precisely as was made under the Agreement of last October, covering Pacific Coast business west of Chicago. It was understood that there were to be two Pools; they were to be inter-dependent. I still adhere to the original proposition of two Pools as being the simplest and the best method of handling the business. I would offer a substitute for Mr. Kimball's resolution, one that I hope Mr. Kimball will accept.

Substitute
for resolu-
tion—
see page 77
maintaining
original
proposition
for two
Pools.

Resolved, That pursuant to the resolution which provides that two Pools shall be made, the Association proceed to discuss the percentage of distribution of earnings between the lines which compose the Eastern Pool.

Resolved, That this Association now declare three general divisions of the traffic subject to the Eastern Pool.

First—The proportion due the connections of the Central Pacific Railroad.

Second—The proportion due the connections of the Atlantic & Pacific Railroad.

Third—The proportion due the connections of the Southern Pacific Railroad.

Resolved, That the subdivision of the award to each set of lines above described be determined by agreement between themselves at the earliest practicable date. Failing to agree in any or in all cases, on or before January 20, 1885, the question shall be referred to arbitration; the Arbitrator to be agreed upon on or before January 21, 1885.

Discussion
thereon.

Mr. KIMBALL—I do not like, Mr. Chairman, the proposition to make two separate and independent Pools. I believe the business of the Trans-Continental Association will be better conducted, and the revenues better preserved, by one strong organization.

Mr. STUBBS—I do not know why that objection is necessary, by the statement that it is the intention that these Pools are only separate in the sense that there are different sets of divisions, or may be different sets of divisions covering the distribution under it. They will both be

subject to the Trans-Continental Association, both be subject to the rulings of the Commissioner, or of an Arbitrator, in case we have none. The accounting will be done by the same Commissioner's office; and I do not know why it is not going to strengthen instead of weaken the organization. If we have these two sets of Pools, or these two Pools, it seems to me that the Western Pool will be a very simple matter, and can be very easily maintained, and will be very rigidly maintained. Moreover, I think that it will stiffen the backs of the Eastern connections, and hold them up to a rigid maintenance of rates, a great deal better than to have one Pool. Further, you must not forget what I have told you, that there is already in existence a separate and distinct Contract as between the Central Pacific and Atlantic & Pacific Companies.

As to Contract between A. & P. and S. P. Companies.

Mr. RISTINE—That is outside of the Trans-Continental Association. These gentlemen know nothing about that Pool; and further it is outside of their interests.

Mr. STUBBS—I desire that they shall know it. There is already a Pool between the Atlantic & Pacific and Southern Pacific Companies, and I think there always will have to be. Now, I don't see how we can go into a Pool such as has existed during the last three months, making one settlement of our earnings under the Trans-Continental Pool, and then make another settlement with the Atlantic & Pacific Company; and I think when it comes down to "brass tacks," you will find we won't do it. It is a sort of double action for us, and we don't know where we stand.

Mr. RISTINE—Why can't we do as Mr. Kimball suggests—have one general Pool, and let the other Pool be independent between us?

Mr. STUBBS—I have just told you why. We don't propose to have two settlements on the same business.

Mr. RISTINE—I would remind you that the Pool to which you refer takes in some local business.

Mr. STUBBS—I do not want to settle under a Pool with the Trans-Continental Association in which the Eastern connections of the Central and Southern Pacific Roads are involved; and then after that is all cleaned up, and we think we have a certain amount, to find that we have another settlement to make with Mr. Ristine.

Mr. RISTINE—You have to do it; you cannot include the local business in that Pool.

Mr. STUBBS—if the accounts of through and local business are kept entirely separate, as they have been under the old Pool, on December 31st we should not know where we stood. If, after making settlement with the Trans-Continental Association, and we think all parties have put in their accounts, and later on find that we have to make settlement with the Atlantic & Pacific, we would not know where we stood; and both these Pools cover in part the same business, that is to say, the through business is subject to both pools. I think it is a matter that the Association ought to consider. It does not affect their treasury, and I don't see how it can. I believe my resolution has not been seconded. I withdraw it in order to get the vote on Mr. Kimball's resolution.

The vote stood as follows:—

Vote upon proposition for one Pool, and subdivision thereof. See page 77.

Ayes—A. T. & S. F., A. & P., B. & M., D. & R. G., D. & R. G. W., U. P.—6.

Nays—C. P., G. H. & S. A., S. P., T & P.—4.

N. P. and O. R. & N. not voting.

Declared lost.

Discussion upon substitute providing for two Pools—see page 78

Mr. STUBBS again presented his resolution.

Seconded by Mr. ECCLES.

Mr. STUBBS—I simply wish to call attention to the fact that a resolution has been unanimously passed declaring it to be the sense of the Association that two Pools be formed.

That resolution passed unanimously. Of course I understand that anybody has the right to change his mind. The proper course would seem to be to call up the resolution, and reconsider it. This resolution is simply an addendum to that resolution. In order to make it consistent, or rather to add to that resolution, the principle set by the Union Pacific, namely, that there shall be three general divisions of the traffic as to route.

Mr. GODDARD—I would like to ask, Mr. Chairman, as to that resolution. Is the intent of it this: that in dividing the Western Pool 46 per cent. of the Missouri River rates shall be divided, and in the Eastern Pool 40 per cent. of the Missouri River rate? These percentages being the smallest accruing, as I believe, to either one of the Lines interested in the two Pools.

Mr. STUBBS—I do not know that that is a matter to be agreed upon.

Mr. GODDARD—In other words, it was admitted yesterday or the day before that the Union Pacific road, in so far as its percentages overlapped that of the Atchison, was a competitor of the Atchison road's connections. The Southern Pacific road, in so far as its percentage at El Paso was greater than its percentage via Albuquerque or Ogden, was a competitor of the roads composing the proposed Eastern Pool. Is it the intention to entirely wipe out that part of the competition, or is it the intention, under this resolution, to pool the through rates between the Missouri River and San Francisco, as it has been in the past?

Mr. STUBBS—So far as the question relates to the Pool east of these junction points, the question as to whether 40 per cent. of the through rate, or 54 per cent. of the through rate, or any other percentage of the through rate, shall be the basis for contribution to the pot or joint purse, is a subject for agreement, or ought to be made a subject for subsequent agreement, precisely as we have under our former Contract agreed that we would make a Pool, determining that



on Passenger rates 95, 90 or some other percentage of the Kansas City rate should form the contribution to the Pool. That the Eastern Lines can determine among themselves, and so far as west of those junction points is concerned, it would be the subject of agreement whether it should be 46 or any other percentage. That was my intention.

The COMMISSIONER—If the revenue put into the Pool is on Kansas City basis I do not see that it makes any difference.

Mr. STUBBS—That is the only point upon which I think the resolution is subject to criticism; and I was surprised that it was not raised the other day when the resolution was passed. It should have been raised then, and discussed before you passed the resolution. There is this question as to the lapping over of these lines: I am willing to concede, so far as the Southern Pacific is concerned, that it is to a certain extent a competitor with the Union Pacific, when you come to a question of revenue, and yet I do not know when you come to balance all the considerations that ought to be taken into account, that is a matter of so little importance that the Association need not waste time upon it. I know this much, that when we come to consider the question as to what extent it is a competitor, we are in deep water, for this would be the conclusion and result; that it is more of a competitor, a competitor to a greater extent against the Ogden Lines, than it is against the Albuquerque Lines. If you should agree that the Eastern Pool should be made up on the basis of 40 per cent. or 44 per cent. of the Kansas City rate, and that the Western Pool should be on the basis of 46 per cent., the difference is only 10 per cent., and don't amount to anything. That is not, however, the smallest percentage. The G. H. & S. A. is the smallest percentage, 39.77. If the Pool is made up on the basis of Kansas City rate, and on division of 46 and 54, then the lines would all share equally in it all the way round.

Mr. GODDARD—By Deming, El Paso or any other junction point?

Mr. STUBBS—I should hold to this view, if there were a solid agreement between the Central Pacific, the Atlantic & Pacific and Southern Pacific Companies; if there was no competition between them, that is, that this agreement would neutralize the competition, and that there would be no competition on the part of either one of them with either of their connections, or with any of the connections of either of them. The first Pool that was made on California business was upon that basis. At that time the Atlantic & Pacific was not completed. The Pool was made between the Union Pacific and Atchison first, the Atchison connecting with the Southern Pacific at Deming, and had 49 per cent. of the through rate; the Union Pacific had 54. The Southern and Central Pacific roads were not concerned in the Pool at all; and I do not think that the action of the Southern Pacific and Central Pacific had any influence on the maintenance of that Pool. The Texas Pacific was afterwards admitted to it, and still later the G. H. & S. A. They pooled among themselves. So far as I know, the rates were maintained. I do not see why that principle may not obtain now and in the future, provided the Atlantic & Pacific, the Central Pacific and Southern Pacific can agree. My advices are, or the information I have from our General Manager up to this moment, is that we *will not* go into any agreement which might require us to pay to a connection east of us, no matter whether you have any Pool or not.

Mr. GODDARD—I understand that to be the answer to the point I raised, and that you decline to recognize that there is any competition between the Southern Pacific and Lines in the proposed Eastern Pool, in so far as its percentage overlaps the percentages of any other line.

Mr. STUBBS—I mean to say that we can overcome that. You may say though that being a longer Line, this element should be neutralized by some arrangement; but the fact of its being under one management—under one control—the

interest between the Central and Southern Pacific Lines being one and the same, is sufficient to give their several connections all the protection and a great deal better protection than any Pool. We think we are doing all that should be required of us, so far as the Central and Southern Pacific are concerned, if we take care of the Atlantic & Pacific.

Upon A. &
P.—S. P.
Pool.

Mr. RISTINE—I must confess that I cannot see the necessity of having two Pools upon this Trans-Continental business. I think, however, we should arrange to cover *our* arrangement independent of the Trans-Continental Association.

Mr. TOWNE—How, Mr. Ristine?

Mr. STUBBS—Separate the Atlantic & Pacific from joint ownership with the Atchison and St. Louis & San Francisco, and you would soon change your ideas.

Mr. RISTINE—Here is an Association supposed to cover certain business—business west of the 97th meridian for the Pacific Coast. Why should we divide it into parts? There are too many Pools to deal with, any way. The Atlantic & Pacific is perfectly willing to join with the Central & Southern Pacific in a Pool, but in this case it should be, as now, independent of the Trans-Continental, as it covers independent business. I do not know of any argument that has been advanced to show why it should be taken into the Trans-Continental Pool at all.

Mr. STUBBS—Mr. Ristine don't believe there is any good sense in a multiplicity of Pools so far as the Trans-Continental is concerned. Now, I do not propose to multiply the number of Pools which any individual member of this Association is concerned in. You make two Pools under the same general supervision, but the Central Pacific would only be a party to one Pool, the Atlantic & Pacific would only be a party to one Pool, and the Southern Pacific would only be a party to one Pool; so you gentlemen would only be parties to one Pool—there would be no multiplication. As I have

told you, there is an agreement between the Atlantic & Pacific and Southern Pacific—a Pool very likely to be continued in principle—and that it stands to-day like this: that if we pool upon the basis of this resolution of Mr. Kimball's, for one Pool to cover the entire territory from the Missouri River to San Francisco, the Central Pacific would be involved in two Pools on Trans-Continental business; the Atlantic & Pacific would be involved in two Pools on the very same business. In other words, take the Pool that ended December 31: One settlement has to be made under the Tucker Award, and through the Trans-Continental Association, on business that passes the ninety-seventh meridian; and another settlement has to be made as between the Central Pacific, the Atlantic & Pacific and the Southern Pacific on the very same business, under their Atlantic & Pacific Agreement. Mr. Ristine don't want a multiplicity of Pools—don't believe it is necessary to have two Pools on the same business, which is just what I am trying to vote for.

Mr. RISTINE—That was as to the division of the Trans-Continental Association. In the case of this side Agreement the argument does not apply, because it covers business which is not the subject of the Trans-Continental agreement.

Mr. STUBBS—I do not know of any use of wasting time in explaining it; but the fact that a Pool between the C. P., S. P. and A. & P. would cover more business than that of the Trans-Continental Association is the very reason why they should be separate and distinct—be independent.

Mr. GODDARD—Let me ask one question. In case two pools were formed, is the "Sunset" willing to pool 54 per cent. of the Missouri River San Francisco rate in the Eastern Pool, provided all other lines do the same?

Upon percentage to be pooled.

Mr. STUBBS—While it is likely it would be willing to do that, I am not competent to answer the question definitely. I think the "Sunset" would be willing to put in all the "Atchison" is. I believe that is the true principle.

Mr. GODDARD—That question of course would have to be disposed of before we could agree upon what we are going to pool.

Mr. STUBBS—I think the objection to any line pooling more than it earned is always coming from the other lines. I have not discussed the matter with our people at all. I think Mr. Ristine will remember that I once suggested that all pool on the highest rate. I do not know though, with this solid compact west of Ogden, Albuquerque and El Paso, that that would be necessary at all.

Mr. RISTINE—The Southern Pacific and G. H. & S. A. are practically under one management, and one set of percentages would tend to simplify your business.

Mr. STUBBS—I do not care to discuss it just now.

Mr. RISTINE—Whereas, if you make two Pools, two sets of percentages, two sets of accounts, etc., you would further complicate the situation.

Mr. STUBBS—You ought to know about as well as anybody in this institution that two sets of accounts are kept, one for the G. H. & S. A. and one for the Southern Pacific. They divide their rates in the same manner as the Central and Union Pacific roads do.

Mr. GODDARD called for the question.

Mr. STUBBS—if Mr. Goddard wants to propose a Pool on the highest percentage, Mr. Towne says the “Sunset” will do it and stay by you. If you want to put in \$1.00, we will put in \$1.00.

Mr. GODDARD—I simply desired the information. I have not made any proposition for you to answer yet.

The vote stood:

Ayes—C. P., G. H. & S. A., S. P., T. & P.—4.

Nays—A. T. & S. F., A. & P., B. & M., D. & R. G., D. & R. G. W., U. P.—6.

N. P. & O. R. & N. not voting.

Vote upon
Mr. Stubbs'
substitute
providing
for two
Pools--
see page 78.

Declared lost.

By Mr. RISTINE, seconded by Mr. MILLER:

Resolved, That the question of percentages for each Through Line doing business between California and points east of the 97th meridian of longitude be now agreed upon, said percentages to apply from January 1, 1885, and continue until March 31, 1885, and thereafter until thirty days notice shall be given by one or more parties.

Resolution to discuss percentages to apply to the several lines.

Mr. STUBBS offered an amendment as follows—

Strike out the words "each through line," and insert, "the lines east of Ogden, Albuquerque, Deming and El Paso respectively." Amendment thereto.

The vote upon the amendment stood:

Ayes—C. P., G. H. & S. A., S. P., T. & P.—4.

Vote upon amendment

Nays—A. T. & S. F., A. P., B. & M., D. & R. G., D. & R. G. W., U. P.—6.

N. P. and O. R. & N. not voting.

Lost.

Mr. STUBBS—I would raise a point of order, that the resolution as it stands is out of order. A resolution was unanimously adopted by this meeting, which declared that we should form two Pools. The resolution introduced by Mr. Ristine is entirely inconsistent with that accepted resolution.

Mr. Stubbs raises point of order against discussion of resolution.

The COMMISSIONER—The point of order is sustained.

See page 12.

Mr. STUBBS—We cannot proceed unless we do so on the basis of that resolution.

Mr. GODDARD—I do not consider that a fair position. The resolution to which you refer merely proposed a plan of procedure. We have voted to-day not to pool on that proposed plan.

Mr. STUBBS—See if the Association has so declared itself.

Mr. GODDARD—if we are to be picked up upon technical

grounds, and in order to treat the matter parliamentarily, I move—

Motion to reconsider resolution on Order of Procedure—
see page 12.

That the Resolution upon the Order of Procedure be reconsidered.

Seconded by Mr. HOOPER.

Mr. HANNAFORD—Before voting upon that proposition, I would like to ask if the expunging of that resolution from the record would affect that portion of it already disposed of.

Mr. STUBBS—I make the point, that if that resolution is reconsidered it carries with it what we have already agreed to in its connection. The Central Pacific voted for the O. R. & N. and N. P. subsidy upon the basis of that method of procedure.

Mr. GODDARD—I think that is a case of “brow-beating,” hardly warrantable in this meeting.

Disposition of motion to reconsider.

Upon the motion to reconsider the vote stood:

Ayes—A. T. & S. F., A. & P., B. & M., D. & R. G., D. & R. G. W.—5.

Nays—C. P., G. H. & S. A., N. P., S. P., T. & P., U. P.—6.

O. R. & N. not present.

Declared lost.

Question upon point of order.

Mr. GODDARD—Mr. Chairman, do you decide Mr. Ristine's resolution as out of order?

The COMMISSIONER—The point of order was declared sustained.

Mr. GODDARD—Does that mean that we cannot do any further business?

Resume of the situation.

Mr. STUBBS—It means this: This resolution was offered and voted down. Mr. Kimball offered a resolution embodying the same proposition. It was voted down. I then offered a substitute for Mr. Kimball's resolution of yester-

day, which embodied a portion of his proposition, but making it consistent with the motion already adopted, still preserving the idea of the two Pools, *that* was voted down. That clearly brings the issue to the point as to whether we are going to have one Pool or two Pools. We are not prepared to vote for a proposition for one Pool. Mr. Ristine's resolution was meant by a circuitous route to accomplish the same end as Mr. Kimball's; and if that sort of a resolution is to be introduced and to be voted upon, then we are justified in applying parliamentary tactics to its disposition. There is no use of fighting that issue. We want two Pools. You do not want two Pools. Now then, we can settle that without introducing resolutions, and perhaps some of us can drop to a "still hunt" by attention. That is the only reason why I resorted to the point of order.

Mr. GODDARD—There seems to be a difference of opinion. We don't seem to get together. Is there any business which *we can* work upon? I want to get home.

Mr. STUBBS—We should be very sorry to see you depart in a bad humor.

Mr. GODDARD—Never was known to be in anything else than a good humor. Cannot afford to lose my temper over a little thing like a Pool.

Mr. STUBBS—We think we have given you good reasons for the establishing of two Pools, reasons which have not been answered by any reasons to the contrary. You have refused to debate the subject.

Mr. GODDARD—I raised the only point of objection that there is to it, and it is a serious point—whether we are going to pool or not between the Missouri River and San Francisco on 10, 20, or any other percentage. I am willing to discuss the situation, provided we pool the whole earnings, and if the whole business is taken care of and taken care of properly.

Mr. STUBBS—Yesterday, when the resolution was pro-

posed, you did not raise the point, did not discuss it, did not debate it, nor to-day did you do it, nor did any one else. You simply asked me a question as to the intent of it. I gave you the intentions of it at length, and I also gave it yesterday.

Mr. GODDARD—I did not so understand it.

Mr. STUBBS—I *did* fully. After that explanation you did not go a step further. You did not give any reason—you did not offer any reason why you voted against it. You asked another question—would the G. H. & S. A. be willing to pool on the basis of 54 per cent.? I told you that I was not able to answer that, but thought perhaps the “Sunset” would be willing to put into the Pool as much as any one else. The General Manager signified his willingness, and I said we would do it, which met your objection.

Mr. GODDARD—It *did not* meet the question.

Mr. STUBBS—It took care of the question as to what we were willing to pool upon. I said we would pool as much as the “Atchison” would. You said you did not intend to commit yourself.

Mr. GODDARD—The whole pith and substance of the matter you well know; there is no use of attempting to avoid it. It is whether the Southern Pacific Line is willing to join in a pool, recognizing that it does compete with the Atlantic & Pacific and the Central Pacific Lines to the extent of the differences in their percentages, and if the result should happen to be that the Southern Pacific Line, in so far as that percentage is concerned, should be obliged to pay to the Union Pacific, or pay to the Atchison, whether they are ready to join on that basis, recognizing their own competition.

Mr. STUBBS—You are getting down to it. The answer to that is this: The G. H. & S. A. will put in its full proportion of 54 per cent. if the rest do it. That takes care of that business.

Mr. GODDARD—No, sir; it does not.

Mr. STUBBS—It pools the full 100 per cent. of the Kansas City rate.

Mr. GODDARD—If you put in 54 per cent. and the Atchison puts in what it earns, it meets the question exactly.

Mr. STUBBS—If the G. H. & S. A. puts in 54 per cent.?

Mr. GODDARD—Yes, sir. If they put in 54 per cent., and you ask the Atchison to put in 54 per cent., it does *not* meet the objection.

Mr. STUBBS—I want to know how you can, with any coolness, sit there and argue that the Atchison Company, having but 44 per cent. of the Line, does not compete with the Union Pacific to the extent of 10 per cent., provided the Atlantic & Pacific competes, provided the Southern Pacific competes, and if the G. H. & S. A., which would have 40 per cent., should put in 54 per cent., in order to lengthen its line to that of the Union Pacific, why the Atchison should not put in 54 per cent. in order to lengthen its line to an equality with that of the Union Pacific.

Mr. GODDARD—That puts the question in another form, which is not my original proposition. In all our agreements, since we have have had a Pool, it has been a recognized principle that the through rates were the only basis upon which a correct Pool could be made. It seems to me that that *is* the only basis. The contributions by Lines must be, of course, in proportion to the division of through rates by these Lines.

Mr. STUBBS—I do not think you are correct, because, as I illustrated in my answer to your question, we do not pool the total rates in some cases. We don't do it on Passenger business. We don't do it on some Freight rates.

Mr. GODDARD—The Passenger Agents say that that is the average amount received. The intention was to pool just the Missouri River rate.

Mr. STUBBS—We say that the one management is a fair offset. We can neutralize this competition. There is practically no competition between the Union Pacific and the Southern Pacific.

Mr. GODDARD—The G. H. & S. A. is the same thing. Put in the whole line to New Orleans.

Mr. RISTINE—If the Atchison road puts in 54 per cent., how much would you have the Atlantic & Pacific put in?

Mr. STUBBS—If we say 46 per cent. is the rate, that is the amount you would put in. I don't know how you would come out under that proposition. You would not put in more than you agreed.

Informal discussion.

Mr. GODDARD—I understand, Mr. Towne, your idea is this: If I understand it correctly, the objection raised by Mr. Stubbs to that arbitration was, that it was unfair to the Central and Southern Pacific, in that it did not give them a fair division of the through rate as compared with what was given to their Eastern connections. Now, as I have said to Mr. Stubbs two or three times, there is something in that. I do not think that any one here is disposed, or has any disposition whatever, to attempt to claim or hold on to anything that does not belong to them. As I understand your position, it is simply this: That whenever the awards are made, provided we can sit down here to-day or to-morrow and agree upon what part of the business shall go by each and all of the through routes, that your Companies, the Central and Southern Pacific Companies, would be willing to accept their regular division of the rates, whatever that would give them by the different routes, as we divide our rates to-day. In other words, supposing one-third of the business shall go to the Union and Central Pacific Line. The Central Pacific wants 46 per cent. You are entitled to it, unquestionably. Of any percentage allotted to the D. & R. G. and B. & M. Line, the Central Pacific should have 46 per

cent. of that. Of whatever amount is awarded to the Atlantic & Pacific Line, you should have your division, 18 per cent., or whatever it is. Of whatever is awarded to the Deming Line, you should have 51 per cent. Whatever is awarded to the "Sunset" Line, you should have your proper divisional percentage of that. The objection which I see to this proposed plan is the one I have raised, and it seems to me to be a very important question, that is in the separation of the Pools one of your lines overlaps the lines in the Eastern Pool. This has to be recognized to a certain extent, to the extent of the difference in percentages between these lines. For instance, if the "Sunset Line," we will say, is awarded a given percentage, and the Southern Pacific takes 60 per cent. of that percentage, in case they should run over, carry a large amount over their percentage, and the Union Pacific should run short, and the "Atchison" run short, whereas the Southern Pacific would be short of 18 per cent. on account of the Atlantic & Pacific's Through Line shortage, it would be over 60 per cent. of the amount carried over by the "Sunset" and the Southern Pacific. That would cause the question that would arise as to the competition of Southern Pacific south of Mojave, and north of Mojave, and it might cause the Southern Pacific to pay the "Atchison" or to pay to the Union Pacific a small amount of money. It seems to me that this competition must be recognized in order to have a Pool.

Mr. STUBBS—You say you understand that that is our position, yet I have repeatedly said that we do not want to pool twice on the same business as between the C. P., A. & P. and S. P. Companies, and that is the only point against it. Further, you say my objection in Chicago to Mr. Tucker's award was only—

Mr. GODDARD—Mainly.

Mr. STUBBS—I had two or three statements with me there, one showing that the award, according to the business that had been up to that date tabulated in the Commissioner's

office, was unjust to our lines. You forced me to illustrate it so as to convince you gentlemen that you were getting more than you were entitled to. On my statement that we did not get our pro rata proportion of what our connections got, I simply put that before you because it was a showing which none of you could gainsay. Now, we will take your very proposition. It might be that the Union Pacific would carry largely in excess of its tonnage; the Central Pacific likewise would carry in excess of its tonnage. Now, it might transpire, it is possible, as shown by the Commissioner's report here, that the Central Pacific might have to pay to the B. & M. I have a showing here to illustrate it.

Computations introduced to show unfair result proceeding from Award and debate thereon.

You take the Commissioner's statement for October. Now, this is reducing all lines east of our junction points to 54 per cent. and putting sufficient into the Eastern Line of the Southern Pacific's earnings to bring it up to 54 per cent. On the basis of the earnings it shows that 16.8 per cent. of the Southern Pacific's line, or its gross earnings might be, according to your proposition or to the proposition of Mr. Stebbins—I believe he originated it—regarded as competitive. He regarded the competition, though not of your line, nor of the Texas & Pacific, nor of the B. & M., but of the U. P., and of the B. & M. and D. & R. G. line jointly. Of course it would be the D. & R. G., and not B. & M. Now then, we take the Award. The "over" of the Southern Pacific amounts to \$47,661.95. 16.8 per cent. of that sum we can fairly attribute, according to this argument of Mr. Stebbins and yourself, as nothing more than legitimate competition with the lines east of them. That amounts to \$8,007.20. Now, the Atlantic & Pacific was short \$10,647.43; Central Pacific, \$9,482.62. We cannot deny but the Southern Pacific is a slight competitor of the Atlantic & Pacific and of the Central Pacific, and that about \$20,000 should be paid by the Southern Pacific to them, which leaves a balance of \$5,000.00 to be paid to lines east of Albuquerque and Ogden by the Southern Pacific. The D. & R. G. was short \$15,409.91; the Union Pacific was over \$7,579.60. Apply the Union Pacific over to the D.

& R. G. short, because there can be no question about the competition between these lines, which leaves balance of D. & R. G. short \$7,830.31. The G. H. & S. A. was over \$11,046.03, the Texas & Pacific, \$14,004.35; total, \$25,050.38. The Atchison was short \$21,648.06. Apply the Texas & Pacific and G. H. & S. A. over to the Atchison short, they being the nearest lines, and certainly are the competitors of the "Atchison," if of anybody, which leaves net over on the part of the G. H. & S. A. and Texas Pacific of \$3,402.32. We now dispose of the Union Pacific and B. & M. and balance of D. & R. G. shortage. The B. & M. shortage is \$23,103.91. The balance of over by Texas & Pacific and G. H. & S. A. being \$3,402.32—we certainly ought to admit because there is competition—would leave in "short" B. & M. \$19,701.59. We add balance of short D. & R. G. \$7,830.31. We take the \$8,007.21 of the Southern Pacific, which, according to your argument, is only such as is subject to competition in the East, and apply that to the D. & R. G., and it leaves \$176.90 over. Apply that then to the B. & M. balance of shortage, and it reduces it to \$19,524.69, which exactly balances with the over of the Southern Pacific after paying the Central Pacific and the Atlantic and Pacific. Now, I say, by your own method of calculation, that the Tucker Award makes the Southern Pacific pay \$19,524.69 to lines with which it has no competition whatever, and so far as I have been able to carry the matter in my mind, I do not believe that you can make any award by Routes—through Lines—that will not in some cases work one and the same result.

Mr. GODDARD—The reverse would also be true, Mr. Stubbs.

Mr. STUBBS—Possibly.

Mr. GODDARD It would be a very likely thing if any of the other lines should happen to be over, that the Atchison might be obliged to pay to the Southern Pacific. The Union Pacific might pay to the Atlantic & Pacific.

Mr. STUBBS—I do not think it is probable. The Southern

Pacific, the Central Pacific and the Union Pacific are old lines, and I think if anybody is going to be plucked by the award it would be either of these lines. There is more uncertainty about the amount you are entitled to, about the amount the B. & M. and D. & R. G. are entitled to, than others, because you are untried comparatively. We have experimented three months to the tune of over \$100,000. That experiment is sufficient to us, ought to be sufficient to you gentlemen, if you desire what is fair. I said to you that you had touched upon the only point that made my resolution subject to criticism, and that was the question of "lapping" lines. I thought of that, and expected that the point would be raised, wondered it was not raised when the resolution was presented; but I think that can be taken care of easily enough. The only difference it would make would be, if the lines east of these junction points agree to pool upon the least percentage, and the lines west the same thing, that would leave 14 per cent. of the earnings not in the Pool, and that 14 per cent. would not cover the cost of doing the business, and I do not believe it would be any incentive to cut in the matter. It works a real hardship to us, and is likely to affect us in our treasury, to complicate our accounts, and put us to a great deal of trouble. It does not affect your revenue one cent. The only reason you object to it is that by reason of the full 100 per cent. not being put in between Missouri River and San Francisco, that that margin, say 14 per cent., and it cannot be more, will be used to cut on. Now, any man that makes that basis of objection, I should assume, goes upon the theory of judging every one else by himself. I want you to bear in mind that it does not affect your revenue one particle, but that it does affect our revenue.

Mr. GODDARD—It does affect our revenues very seriously. It affects them to the extent of that amount of money.

Mr. STUBBS—You keep it if you earn it.

Mr. GODDARD—We don't earn it.

Mr. STUBBS--You are not entitled to anything you don't earn.

Mr. GODDARD--All right. Let's go in on a maintenance of rates. That appears to be the only solution of this problem.

Proposition
of A., T. &
S. F. for
agreement
on mainte-
nance of
rates only,
and remarks
thereon.

Mr. STUBBS--All right; I am with you.

Mr. RISTINE--How far East would you go--New England?

Mr. STUBBS--Yes, sir. I will go just as far as you dare. Can you agree to maintain rates from there? Can you control rates from there? I am already in an agreement to maintain rates from New York; to maintain rates on a level with the rates all rail, and we have done so. I have always been on that platform. The only reason why rates have not been maintained is, I think, or I choose to think, it impossible of maintaining rates east of the Missouri River.

Mr. RISTINE--You said the other day that you did not care whether you adopted the $7\frac{3}{4}$ cent rate on Oil. You wanted the same rate as ruling from Pittsburgh. Would that be maintaining rates with the Trunk Lines?

Mr. STUBBS--I am not under any agreement that I cannot abrogate by a notice.

Mr. GODDARD--What Mr. Stubbs means as to agreement is *when they all agree with him*.

Mr. STUBBS--That's right. *When their rates agree with mine, they will be maintained.* You can take the reverse.

Mr. GODDARD--Reverse would be good.

Mr. STUBBS--We have not agreed since the first day of January, 1883.

Mr. RISTINE--I thought I heard you remark that during the month of December the "Sunset" took 75 per cent. of the business. Now, if the other lines did not agree to maintain rates in the month of December, and you could get 75 per cent. upon a maintenance of rates, you are a better man than I think you are.

Mr. STUBBS—You are entitled to your opinion, and it is good for what it is worth, and that's all. In the first place, you misconstrued what you heard. You did not hear me say anything of the kind.

Mr. RISTINE—I certainly did hear it from either yourself or Mr. Towne.

Mr. STUBBS—It is a very little failing you have of misconstruing; that is all.

Informal discussion.

Mr. TOWNE—What are we doing? Are we arriving at anything or not?

Mr. RISTINE—Mr. Towne, I think we had better adjourn and see if we cannot figure upon some proposition that will be acceptable.

On motion, it was agreed to adjourn until 10 a. m. tomorrow.

SATURDAY, *January 17th*—Morning Session.

Meeting convened at 11 a. m.

All members represented.

The COMMISSIONER—The second section of Mr. Stubbs' resolution I suppose is still the order of business for this morning. I trust somebody will have a resolution that will strike a happy medium and go through. Mr. Goddard, we are ready for your resolution.

Mr. GODDARD—I am out of resolutions this morning, Mr. Chairman.

Mr. RISTINE—I move

That the rates accorded to contractors by Pacific Mail for last year be extended to cover steamer sailing January 30th, and that the Acting Commissioner issue the necessary advices.

Seconded by Mr. STUBBS.

Adopted.

Commissioner's remarks.

Pacific
Mail rates
for 1884 ex-
tended to
January 3rd.

Mr. EUSTIS—There are some of us here who have had a vague hope of getting away to-day. We don't like to lose that hope so early in the morning.

Mr. KIMBALL—Very vague.

The COMMISSIONER—I would like to ask if any of you have found anything to offer? This sitting round here don't pay.

Mr. STUBBS—I will invite you all down to take a drink.

Mr. GODDARD—In view of my proposed early departure, I have made my last will and testament. I beg to offer it for the consideration of the meeting:

Proposition
for Pool be-
tween lines
east of Cen-
tral Pacific
system, etc.
Resolution.

Resolved, That a Pool be formed by the roads west of the Missouri River, doing California business with points east of the 97th meridian. Said Pool to consist of the following roads:

Union Pacific, Burlington & Mo. River, Texas & Pacific, Denver & Rio Grande, Atchison, Topeka & Santa Fe, Galveston, Harrisburg & San Antonio, and so much of the A. & P., and S. P. as is necessary to cause the contributions to said Pool to equal 54 per cent. of the earnings between Missouri River and San Francisco.

Each of the Lines (except the A. & P. and S. P.) shall contribute to the Pool their entire earnings on the traffic passing the 97th meridian, except as may be modified by subsequent agreement on the east and California on the west. The A. & P. and So. Pacific shall contribute to said Pool so much of their earnings as is necessary to make the contributions to said Pool equal to 54 per cent. of the Missouri River San Francisco earnings.

In case of failure to agree upon percentages to be awarded each road, the question to be referred to arbitration on or before February 10th, 1885; the Arbitrator to be chosen on or before January 20th, 1885. The decision of the Arbitrator to be final and binding upon the parties hereto for three months, from January 1st, 1885, and thereafter subject to 30 days' notice by either party hereto.

Seconded by **Mr. MILLER**.

Informal discussion.

The COMMISSIONER—Mr. Kimball, have you anything to say upon Mr. Goddard's resolution?

Mr. KIMBALL—I would offer the following amendment:

Proposition
for Pool be-
tween ex-
treme West-
ern Lines—
amendment.

Resolved, That a second pool be formed, consisting of the Lines west of the territory described, which shall include 46 per cent. of the through earnings

between Pacific Coast common points and points east of the 97th meridian. And in case of failure to agree upon the percentages to be awarded each Line, the question to be referred to arbitration on or before February 10th, 1885. The Arbitrator to be chosen on or before January 20th, 1885.

Resolved, That the accounts of the two Pools shall be kept by one and the same Commissioner, and that the contributions to the subsidy or subsidies be assessed upon the several members of the two Pools in proportion to their earnings.

Resolved, That the affairs of the two Pools shall be administered by the officers or managers of the Trans-Continental Association, and that the distribution of the revenue accruing and the apportionment and assessment of the expenses, as well as the collection and payment of subsidies, shall be made by the Commissioner of this Association.

Resolved, That all of the Rates, Rules and Regulations of the Trans-Continental Association shall apply to and be binding upon the Eastern and the Western pools, which are to be considered as divisional and subordinate Pools of this Association.

Seconded by Mr. HOOPER.

Mr. KIMBALL—I think, Mr. Commissioner, as this is a very important matter, it would in my judgment be a good idea to allow the members plenty of time to consider all the provisions of the resolution, the original and the amendment. I would therefore move

That we now adjourn to 1:30 this afternoon, and that all the members be requested to meet here promptly at that hour.

As a portion of the Association have accepted an invitation to go to Monterey this afternoon, and will be compelled to leave here at 3 p.m.

Seconded by Mr. TOWNE.

Adopted.

SATURDAY, *January 17th*—Afternoon Session.

The COMMISSIONER—The question is upon Mr. Kimball's amendment to Mr. Goddard's resolution.

An amendment to the provision for Pool between extreme Western Lines accepted.

Mr. RISTINE—I desire to offer an amendment to the amendment.

Resolved, That nothing herein shall be construed as affecting or modifying the Agreements existing between the Atlantic & Pacific and Southern Pacific Companies.

Accepted, and included in the amendment by the authors thereof.

The COMMISSIONER—Are there any remarks upon the amendment?

Mr. GODDARD—Question.

During the progress of the roll-call, Mr. TOWNE said: There are some points in that resolution which we would like to consider before voting upon it.

Mr. STUBBS—I am aware that during the progress of calling the roll no other motion is in order, but we do not wish to vote upon this proposition at present, and think that on Monday morning we can have a proposition that perhaps would be acceptable to all, and one that we can vote for, and if by unanimous consent I can make a motion to adjourn, I would move

Vote upon resolution and amendment providing for Pools deferred.

That we adjourn until Monday morning, 11 o'clock.

And in the meantime we will have a resolution drawn, which is destined to meet the points provided for in the motions of Messrs. Goddard and Kimball, and one that our people think we can vote for at that time. We might prepare it this afternoon, but Mr. Ristine desires to look the matter over, and Mr. Towne wants further time to consider the matter.

Mr. RISTINE—You need not wait on my account.

Mr. STUBBS—If we put this resolution in now you are not ready; you want time to consider.

Mr. RISTINE—No, I am not ready for that resolution.

Mr. KIMBALL—Without objection the motion to adjourn would be in order. If we unanimously consent we can adjourn, and the vote as far as called can be expunged from the Secretary's record, so that when we meet again the original question will stand, and hold as the first business for disposition at the assembling of the meeting.

Mr. ECCLES seconded the motion to adjourn.

Adopted.

MONDAY, *January 19th*.—Morning Session.

Commissioner's remarks.

The COMMISSIONER—The question upon Mr. Kimball's amendment and Mr. Goddard's resolution is before the meeting. The Secretary will please continue the roll call upon the amendment.

Resolution introduced as substitute for the entire matter before the meeting and remarks thereon.

Mr. STUBBS—In order to expedite matters, I beg to submit a resolution as a substitute for the whole matter.

The COMMISSIONER—If there is no objection we will take up Mr. Stubbs' substitute for the amendment of Mr. Kimball, and the resolution of Mr. Goddard. Will that be satisfactory to the authors of the motions referred to?

Mr. KIMBALL—It will have to be satisfactory. He has the right to offer a substitute.

Mr. STUBBS offered the following as a substitute for the entire matter before the convention:

Resolved, That in the organization of the two Pools heretofore provided for by resolution of this Association,

First—They shall be known as the Eastern and Western Pool respectively.

The Eastern Pool shall be comprised of the following lines:

No. 1—Union Pacific Railroad and its Colorado connections.

No. 2—D. & R. G. Western and D. & R. G. Railway and the Eastern connections of the latter.

No. 3—A. & P. R. R. and Eastern connections.

No. 4—Southern Pacific R. R. and connections at Deming.

No. 5—Southern Pacific R. R. and connections at El Paso.

The above named lines comprising the Eastern Pool shall each contribute to the joint purse 54 per cent. of the through rate agreed upon by the T. C. A. as poolable.

The individual roads forming each line shall contribute to that line's share of said poolable rate as hereinafter provided.

Those forming Lines Nos. 1 and 2 shall contribute their entire share of the said poolable through rate.



Those forming Line No. 3 as follows:

The connections of the A. & P. shall contribute their entire share of the said poolable through rate; and the A. & P. shall contribute the remainder, or sufficient to make the total contribution equal to 54 per cent. of the through poolable rate.

Those forming Line No. 4 as follows:

The connections of the S. P. at Deming shall contribute their entire share of the said poolable through rate, and the S. P. shall contribute the remainder, or sufficient to make the total contribution of the line equal to 54 per cent. of the through poolable rate.

Those forming Line No. 5 as follows:

The connections of the S. P. at El Paso shall each contribute their entire proportion of the through rate agreed upon as poolable, and the S. P. shall contribute the remainder, or sufficient to make the total contribution of the line equal to 54 per cent. of the through poolable rate.

Withdrawals from the joint purse by the Roads respectively forming each line shall be in proportion to the payments made by each to the lines' contribution to the joint purse.

The Western Pool shall be comprised of the following lines:

No. 1—Central Pacific R. R.

No. 2—A. & P. R. R. and its Western connections.

No. 3—Southern Pacific R. R.

The contributions of each of these lines to the joint purse shall be equal to 46 per cent. of the T. C. A.'s through rate agreed upon as poolable.

The respective contributions of the roads forming Line No. 2 shall be as follows:

The A. & P. shall contribute its entire share of the through rate agreed upon as poolable, less the amount it shall have contributed to the Eastern Pool.

The S. P. shall contribute its entire share of the through rate agreed upon as poolable.

The withdrawals by the roads forming Line No. 2 shall be in proportion to each road's payments to the line's contribution to the joint purse.

In case of failure to agree upon percentages to be awarded to each road comprising the Eastern Pool, the question to be referred to arbitration on or before February 20th, 1885. The Arbitrator to be chosen on or before January 20th, 1885; the decision and award of the Arbitrator to be binding upon the parties hereto from January 1st, 1885, and thereafter subject to 90 days' notice by either party.

Resolved, That the affairs of said Eastern and Western Pools shall be administered, and their respective accounts kept by one and the same Commissioner; that the expenses of the Trans-Continental Association shall be borne jointly by the several members of the said Pools in proportion to their earnings from the traffic subject to the T.C.A., or as may hereafter be specific-

ally provided for; and that the Rates, Rules and Regulations of the T. C. A. shall be applied to, and be binding equally upon the said Eastern and Western Pools and the respective members thereof.

Resolved, That the subsidy paid the Pacific Mail S. S. Co., and all kindred disbursements ordered by the T. C. A. account of competition common to all the members of said Association shall be assessed to, and paid jointly by, the members of said Eastern and Western Pools in proportion to their respective earnings from the traffic involved, or, as may hereafter be specifically provided for; likewise in same manner receipts from same or kindred accounts shall be credited to the individual members of said pools in proportion to their earnings.

Mr. GODDARD—The resolution seems perfectly clear, but it occurred to me that possibly the question might arise whether these expenses, when divided upon the earnings—whether the word “earnings” would be construed to mean after the settlement of the Pool or business carried. The intent, of course, —

Mr. STUBBS—The intention is, of course, after the Pool Settlement is made, and if it is not clear it ought to be made clear. I have used your language, “or as may hereafter be specifically provided for.” We will take care of that when we come to draft the Agreement. This is only a resolution. I said “traffic involved.” For example, the Northern Pacific will settle on San Francisco, you understand; for that reason I did not say “gross earnings.”

Mr. RISTINE—I would like to have inserted:

It is understood that nothing herein shall interfere with, modify or change the existing Agreement between the Southern Pacific and Atlantic & Pacific Companies.

Mr. STUBBS—There is nothing there that does. All I can say is this, that it is a Trans-Continental matter. It cannot modify that.

Mr. RISTINE—That is all right.

The resolution was submitted to vote, resulting in its unanimous adoption.

[NOTE.—The votes of the Texas & Pacific representative were understood to be subject to the approval of Messrs.

Hoxie, Olds and McCullough. Two amendments offered by Messrs. Goddard and Kimball, the first providing for reference of the matter of percentages to arbitration, and the second including "Colorado connections" in the line of the Union Pacific, were accepted and included in the resolution. See page 102.]

The COMMISSIONER—Mr. Stubbs' resolution having been unanimously accepted and adopted, I would ask if it is not considered advisable to proceed with the reorganization?

Commissioner proposes reorganization.

Mr. GODDARD—I move—

That the next business be the election of an Arbitrator to decide these questions.

Motion to proceed with the election of Arbitrator.

Seconded by Mr. ECCLES.

Subsequently withdrawn.

The COMMISSIONER—I would like to ask the members a question. The Freight Statements are in such shape that settlement can be had thereon at any time. The question is now whether we shall hold the Freight Statements until the Passenger business is reported, or until we can make a Consolidated Statement showing both Passenger and Freight.

Agreement that settlement shall be made on Consolidated Statement.

It was the sense of the meeting that settlement be made upon a consolidated statement of both Passenger and Freight earnings.

Mr. TOWNE offered the following:

WHEREAS, At a meeting of General Managers of the Trans-Continental Association, held at Chicago on September 17, 1884, it was agreed that the question of percentages should be submitted for arbitration to Mr. James F. Tucker; and

Proposition to ignore the Award for October, November and December, and debate thereon

Whereas, the findings of said Arbitrator were evidently based upon an imperfect knowledge of the facts and a misunderstanding of the relations existing between the parties interested, as shown by the Award, requiring certain roads to pay over to their connections, which is manifestly unjust and without precedent in the history of pooling arrangements.

Resolved, That the Award be ignored in so far that for the months of October, November and December the roads carrying in excess of the awarded percentage be allowed *for such excess* one half of the average rate per ton or per passenger before making settlement with the roads "short" under the Award.

Mr. STUBBS—It is not generally contemplated that in any pooling agreements large balances shall be interchanged, and I think that I have heard from nearly every representative here since they arrived that there was a very great mistake made in sending this matter to an Arbitrator, even to so capable and just a man as Mr. Tucker, and forbidding the parties interested making any statements or arguments in order to aid his judgment. We believe that is the rock he split upon, and that he himself would not now, if he could review the case in the light of subsequent experience, justify the Award. Now it requires large balances to be exchanged. In our own case it requires the Southern Pacific to an extent which I guess all will admit is not fair—is not just—to pay to Lines east of them out of its earnings. We think that it ought to be remedied, notwithstanding the fact that our General Manager stated when he gave his notice, in response to an enquiry from the Commissioner, that he proposed to stand by the Award. That is to say, if he could get no relief. He did not propose to say flatly: We shall not stand by the Agreement, because we were not justly treated. He desires me to say now that he intends to stand by the Award, and in case you consider that you are justly, fairly and honestly entitled to it, why we shall put our fingers in our mouths and see what solace we can get from sucking them. But this proposition involves simply a larger allowance than our Agreement provides for the excess which may be carried by any road. It gives practically about the cost of handling to the Texas & Pacific, the Union Pacific and the Southern Pacific for the excess which they carried, and is submitted to you as an equitable proposition, one that you can all afford to vote for, and ought to vote for, in order to have an easy conscience.

Mr. TOWNE—This matter as it now stands is manifestly wrong without any question. There is no representative here but who will say that the results have proved it to be wrong in fact and figures. Now, we are not here to plead the “baby act,” by any manner of means. If there is any one

of you that desires to vote in the negative, because he thinks it is proper to vote that way, because he thinks it reasonable to vote that way, then we have nothing further to say. In a word, if there are any of you who feel that you are going to get more under this decision, than you have a right to, but because Mr. Tucker has so awarded you are entitled to it; then let it rest that way. I would like to hear an expression upon it. I make this proposition with the condition that in case of anything of the kind occurring in the future, and it is found in any subsequent award, that the result is as unjust to you, as it has gone against us in this, you will find us disposed to do what is fair and right in that as well as in all other things.

Mr. GODDARD—In view of the circumstances, would it not be the proper thing to re-submit the question to Mr. Tucker as a matter of fairness to him? I believe the only ground taken, is that his Award is unfair solely from his lack of knowledge of the situation. I do not think there is any one here that questions his integrity; in fact it has so been stated. I, for one, am willing that the question of percentages from October 1st to December 31st be re-submitted to Mr. Tucker, each line, if they see fit, presenting its own statement of the case to him.

Proposition
to re-submit
the question
of Arbitra-
tion.

Mr. STUBBS—We will accept that proposition.

Mr. MILLER—Under the resolution that declared Mr. Tucker as the Arbitrator of the questions under the Trans-Continental Pool, the questions arising under the Pool of the Iowa Lines were also included. The Burlington System is interested in several Pools. They are left in those Pools, and to a far greater extent than we are a gainer in this, and if anything is to be resubmitted, the whole business ought to be.

Objection
by B. & M.,
and debate
thereon.

Mr. STUBBS—That is an entirely different and separate proposition.

Mr. MILLER—We would have to take the whole together. We could not separate it.

Mr. STUBBS—Is it fair that the Central Pacific should pay the Burlington for business done possibly in Nebraska? The understanding was that Mr. Tucker was to arbitrate, but there were two distinct questions.

Mr. MILLER—That is very true, but the Awards were made, and he was authorized to make such Awards under the one resolution, and we cannot separate them.

Mr. STUBBS—They are not independent in that respect. If he did leave you short in the Eastern Pools you could have applied for relief under your Nebraska Agreement, if that is a separate agreement, or you could have applied for relief under your Colorado Agreement without prejudicing your interest under this Contract. This resolution, it seems to me, imposes the mildest form of relief. We are credited with our proportion of \$4.80 per ton on the excess. We ask to be allowed one-half of the average rate. It only applies to the number of tons we carried in excess of the Award.

Mr. MILLER—It is a very liberal proposition if we take them altogether. So far as I am concerned I do not feel that I can separate this Pool from others that were arbitrated under the same resolution.

Mr. SMITH—Would it not be well to settle up October business amicably between ourselves, if possible, and fix the Award to apply on the business for November and December on the percentages earned in October?

Mr. STUBBS—If November turns out contrary to this showing for October, we are willing that this resolution shall apply over the whole term of the Pool—October, November and December—so that others may have the same relief that we ask for. I do not think there is much probability of it, though.

Mr. ECCLES—Question.

The vote stood as follows:

Ayes—C. P., G. H. & S. A., S. P., U. P.—4.

Nays—A. T. & S. F., A. & P., B. & M., D. & R. G., D. & R. G. W., T. & P.—6.

N. P. and O. R. & N. not voting.

Declared lost.

Mr. GODDARD—I would like to request that when we meet this afternoon we continue in session until we complete the reorganization, with but short recesses.

Seconded by Mr. HOOPER.

Adopted.

Mr. GODDARD—I move—

That the first business to come before this meeting upon our reassembling be the election of a Commisssioner, and that the balloting be continued until that question is disposed of.

Motion to ballot for Commis-
sioner.

Seconded by Mr. MUIR.

Adopted.

Recess until 2 p. m.

MONDAY, *January 19th*—Afternoon Session.

The COMMISSIONER—In accordance with the motion adopted prior to recess, the first business will be the ballot for a Commissioner.

Mr. ECCLES offered the following:

Resolved, That this meeting now convene in Executive Session, and that all parties not members of the Association be invited to withdraw during the time the Commissioner is being balloted for.

Motion to convene in Executive Session, ex-
cluding non-mem-
bers.

Seconded by Mr. GODDARD.

Adopted.

EXECUTIVE SESSION.

Meeting called to order afternoon of January 19th.

S. K. HOOPER in the Chair. W. F. WHITE, Secretary.

The Convention proceeded to ballot for a Commissioner.

Ballot for Commis-
sioner.

On the eightieth ballot Mr. Hannaford received 11 votes,

and it was then moved that a unanimous vote be cast in his favor as Commissioner. The unanimous vote of the Association was accordingly cast for Mr. Hannaford on the eighty-first ballot.

Mr. HANNAFORD stated that he could not accept the position, and balloting was resumed. The eighty-fourth ballot was reached without a choice being made, when on motion a list of candidates was submitted, and those receiving unanimous vote were placed in nomination for the Commissionership. The nominees thus chosen were:

W. S. Mellen, A. C. Bird, C. W. Smith, A. S. Hughes and J. F. Tucker.

Four ballots were then taken, making eighty-eight.

Mr. STUBBS then withdrew Mr. Tucker's name, and another ballot was cast, on which Mr. Mellen received three votes and Mr. Smith nine.

A record of all of the ballots and list of names submitted as nominees is hereto attached and marked "Exhibit A."

The meeting then adjourned until ten o'clock the following morning.

TUESDAY, *January 20th.*

Meeting called to order at 10 a. m.

S. K. HOOPER in the Chair. W. F. WHITE, Secretary.

The following resolution offered by Mr. RISTINE, seconded by Mr. MILLER:

"As it seems impossible to elect a permanent Commissioner, be it
Resolved, That Mr. L. G. Cannon be continued as Acting Commissioner until the next regular or special meeting of this Association."

Declared lost.

Resolution offered by Mr. STUBBS, seconded by Mr. SMITH:

Resolved, That the Chair appoint a Committee of Three to suggest a name for Commissioner of the Association.

Carried.

The CHAIR appointed Messrs. Kimball, Stubbs and Ristine.

Mr. KIMBALL, as Chairman of the Committee, reported that they had unanimously agreed to offer the name of C. W. Smith to the Association as Commissioner for the ensuing year, and suggested the election of an Executive Committee.

The report was received and the Committee discharged.

Resolution offered by Mr. STUBBS as follows:

Resolved, First—That C. W. Smith be elected Commissioner of this Association for one year.

Second—That a committee of six be elected, who shall have power among other things to appoint a Commissioner in the event of Mr. Smith's declination.

Election of
Mr. C. W.
Smith for
Commissioner.

Carried.

The following resolution was then offered by Mr. TOWNE and seconded by Mr. SMITH:

Resolved, That Messrs. George Olds, T. L. Kimball, J. F. Goddard, J. C. Stubbs, J. M. Hannaford and A. S. Hughes constitute the Executive Committee, for the period of the Association.

Appoint-
ment of an
Executive
Committee.

Carried.

The Executive Committee were then instructed to confer with Mr. C. W. Smith, with a view to his accepting the position of Commissioner.

On motion the Executive Session then adjourned, and the regular meeting of the Association was resumed at 11.30 a.m.

NOTE—The following telegram was forwarded to Mr. C. W. Smith at Richmond, Va.

You have been unanimously tendered the Commissionership of the Trans-Continental Association, and salary of twelve (12) thousand dollars per annum named. Will you accept? Immediate answer solicited.

Signed,

THOS. L. KIMBALL,
J. M. HANNAFORD,
J. C. STUBBS,
J. F. GODDARD.

Of Executive Committee.

TUESDAY *January 20th*—Morning Session.

Meeting convened at 12 m.

All members represented.

The Acting Commissioner in the chair.

Mr. HOOPER submitted the following:

Board of
Arbitration
for Eastern
Pool—
See page 102

Resolved, That we now proceed to the selection of a Board of Arbitration, to whom the question of percentages as provided for in the resolution forming the Trans-Continental Association Pools, shall be submitted. That said Board of Arbitration shall consist of one General Freight Agent, one General Passenger Agent, and a third person who shall act as Referee and Chairman of said Board.

Seconded by Mr. GODDARD.

Adopted.

Mr. GODDARD—I move—

That a Committee of Three be appointed to select names for the Board of Arbitrators.

Seconded by Mr. STUBBS.

Carried.

The COMMISSIONER — I would name Messrs. Goddard, Stubbs and Kimball.

Mr. RISTINE—I move—

That the Committee now retire.

Adopted.

Mr. MILLER—I move—

That this meeting adjourn until 2 p. m., or until an agreement is reached by the Committee.

Seconded by Mr. ECCLES.

Carried.

TUESDAY, January 20th—Afternoon Session.

Meeting convened at 2 p. m.

All members represented.

By Mr. GODDARD:

Your Committee beg leave to report that they have unanimously agreed upon the following parties as Arbitrators to decide the matter of percentages in the Eastern Pool:

J. F. TUCKER,
D. S. GRAY,
W. B. SHATTUC.

Report of Committee on Board of Arbitration.

The first mentioned to act as Chairman.

Your Committee would further recommend, in case of failure to act of either of the parties specified, that the power to fill vacancies be placed in the hands of the Executive Committee.

Mr. MILLER—I move—

That the report of the Committee be accepted and the Committee discharged.

Seconded by Mr. HANNAFORD.

Adopted.

Mr. MILLER—I move—

That the parties named by the Committee to act as Arbitrators be accepted by the Association, with conditions specified by the Chairman of the Committee.

Report of Committee adopted.

Seconded by Mr. ECCLES.

Carried unanimously.

Mr. GODDARD—I understand, Mr. Chairman, that any and all arguments which are to be presented to the Board of Arbitrators must be presented on or before February 10th. Is that the record of the meeting?

Arguments may be submitted to Board of Arbitration.

The SECRETARY—Yes.

The COMMISSIONER—Is it understood, Mr. Goddard, that any member has the right to give them any information they may desire?

Mr. GODDARD.—I presume it is understood that each road can make its own argument. That is the general understanding, and holds unless forbidden.

Agreed.

Communication ex.
W. T. Cole-
man & Co.,
and others,
asking spe-
cial rates;
debate
thereon.

The COMMISSIONER introduced letter from Messrs. W. T. Coleman & Co., requesting a personal conference with the Association.

Mr. GODDARD—It seems to me, Mr. Chairman, that the proper way to dispose of all these matters is to appoint a committee to take up the question of such special rates as may be thought necessary and advisable by the Association, in connection with the Pacific Coast and other Associations east of the River.

Mr. MILLER—Would it not be a good idea to let Mr. Johnson of that firm come here and see what he has to say?

Mr. GODDARD—I have no objection, if we had time, but we have so many important matters for discussion.

The COMMISSIONER—I have about forty letters, more or less, of a similar character—all bearing on special rates, and some very important ones.

Mr. GODDARD—Can these letters be answered until the relations of our Eastern connections are fully determined?

The COMMISSIONER—A number of the letters rest in that shape. You have agreed that specials are necessary, and that if your connections will not join, you would have to bear them yourselves.

Mr. GODDARD thought it would leave the matter in very bad shape if shippers should become aware of it, as claims would follow; he thought that the matters referring to Missouri River traffic could be settled very quickly.

The COMMISSIONER—I suppose matters of that character will be brought up at our Freight Meeting.

Mr. STUBBS—These questions will result in claims. Is it not necessary to decide what action we will take for the purpose of securing co-operation on the part of the lines east of the Trans-Continental Association. It was only informal talk the other day, favoring the appointment of a committee to wait upon them. Let me add in this connection, I understand that the merchants here, especially the larger shippers, do not regard the matter as settled, and are expecting some action on the part of this Association which will definitely dispose of the question so far as their minds are concerned, as to whether they will stand on the Tariff, or hope for some modification which will enable them to continue their tonnage to the rail lines.

Mr. MILLER asked if it was thought that many of the merchants would resort to the Cape Horn Route.

Mr. STUBBS—Yes.

Mr. MILLER—Why?

Mr. STUBBS—Simply because they can ship so much cheaper that way.

Mr. MILLER—Take the Chicago merchants for example. They do not patronize Canal and Lake.

Mr. STUBBS—What we have to be guided by is our experience. We had to make very low rates. We had to impose upon them a restraint in the shape of an ironclad obligation on their part not to use the Cape Horn Route, and even under that, some of them did not always use us fairly.

Mr. MILLER—I am willing to be guided by you, gentlemen, having the experience in this business. My opinion is, however, that few will resort to the Cape Horn Route. They cannot afford to do it in this generation.

The COMMISSIONER—I guess they are getting 20 per cent. off all round now, from what I can hear. It is common talk on the street.

Mr. STUBBS—Well, but that is not to continue. At least I hope not.

By Mr. RISTINE.

Committee to interview Eastern Lines, and if possible secure their co-operation.

Resolved, That a Committee of Three be appointed to confer with the Pacific Coast Association, the Middle and Western States Association and the Trunk Lines, with authority to negotiate with said Associations for a limited number of special contracts on a percentage basis, and to arrange with said Associations on a mutual and joint plan for the making of rates, and proper conduct of the business, in which all are interested.

Seconded by Mr. MILLER.

Adopted unanimously.

Subsequently withdrawn. (See page 123.)

The COMMISSIONER—I shall appoint Messrs. Hannaford, Gray and Ristine.

Mr. STUBBS—The Central Pacific will not be represented on the Committee. You all heard Mr. Towne say so a day or two ago. We have expended our labors.

Mr. RISTINE—Will you stand on anything the Committee may do?

Mr. STUBBS—Yes, if they do right. I would suggest that Mr. Kimball be substituted for Mr. Gray.

The COMMISSIONER—It is so ordered.

Mr. STUBBS—Mr. Chairman, I move

Motion upon instructions to Committee, and argument thereon.

That the Committee be instructed that no engagements as to special contracts or discounts from the regular tariff on a percentage basis be made, unless made to apply equally from all points, or unless an agreement can be had with the Pacific Coast Association, the Middle and Western States Association, the Trunk Lines, and the New England Lines jointly; that we do not leave it in the power of the Committee to say if they *can* make an engagement with the Pacific Coast Association while the lines east fail to concur, that the lines west of Chicago will make these discounts on their own responsibility.

Mr. MILLER—I second the motion.

Mr. GODDARD—To what do you refer?

Mr. STUBBS—I refer to this: You cannot well make a dis-

count on Chicago business originating there, or on Pittsburgh business originating there, and still leave the Eastern business out of the question. I think the business of any particular class can hardly, scarcely be considered as confined to one territory.

Mr. GODDARD—It seems to me that there is little use in appointing a committee with their hands tied in that way. If we are not able to take care of the whole of the business, that is no good reason why we should not take care of part if that is necessary. In other words, failing with the Trunk Lines, I see no reason why we should not take care of Pittsburgh business or traffic from Buffalo, Cleveland, Chicago, St. Louis or any other point, provided it is done at remunerative rates. There may be no necessity for it. If not, I am perfectly willing to leave it in the hands of the Committee to decide. Their interests are sufficiently large to warrant their acting cautiously in the matter.

Mr. MILLER—Don't you think we could take the business from the West at the Tariff?

Mr. GODDARD—I don't know; that is for the Committee to decide.

Mr. STUBBS—My reasons for offering that motion are these: In the first place, there is scarcely any class of business that is limited to a particular territory. There may be some, but you will find that Chicago competes with Pittsburgh, and that Pittsburgh competes with New York, and even with New England on some classes of freight. That is true on Iron Manufactures, true upon Agricultural Implements. If we can take care of the business from the Atlantic Coast and Atlantic Seaboard on our Open Tariff, we can certainly take care of the business west of there. We have in adopting the new Tariff, scaled the rates very much in favor of Western points as compared with any previous tariffs we have had, so the probabilities are that if the rates are fair or reasonable, and rather likely to take the business from the Atlantic Coast, they are more likely to answer the pur-

pose from the West. There is not the same necessity for conferring with the Western Lines upon Western business as there is with the Trunk Lines and all the lines on the Atlantic Seaboard business.

Mr. RISTINE—To use an illustration, in our conference with the Middle and Western States Association, as to the rate on Nails, they were willing to make a rate of \$1, but they said that if we put in a scaling basis of 10 per cent. we could make a 90-cent rate net. Now, under your motion we have to keep it at \$1 in carloads.

Mr. STUBBS—If you will show me how you cannot do that under my resolution, I will confess to it. I simply take up what the Lines themselves said, that if there were to be reductions or discounts, they should apply equally upon all roads.

Mr. RISTINE—That we have not got. Take the regular rates.

Mr. STUBBS—If you have \$1.25 from New York and \$1.15 from Pittsburgh, you can make a discount of 10 per cent., and it will apply not only from New York, but it will apply to Pittsburgh and it will apply to Chicago. If you have a 90-cent rate or a \$1 rate in carloads from Pittsburgh, the discount can be made to apply to that just as well. The resolution does not comprehend making the rates the same from all points, but it does comprehend and does intend to make the rates relatively the same; that is, that the relations established by the tariff shall be maintained.

Mr. RISTINE—Suppose the Middle and Western States and Pacific Coast Associations consent to a shave of the Iron rates 10 per cent. from Pittsburgh. As I understand your resolution, we cannot do that unless we can scale 10 per cent. from New York.

Mr. STUBBS—Unless the Trunk Lines and New England Lines also agree to the Contract Plan.

Mr. MILLER—It would not be necessary.

Mr. STUBBS—If the Committee goes there and represents to the Eastern Associations the necessities of the case, first the Pacific Coast Association, then the Middle and Western States Association, and if they can induce *them* to meet their views, they could join these associations in a request upon the Atlantic Seaboard Lines; then it would very likely be accomplished, more likely than upon any other course. I think none will deny that if there is any virtue in the Contract Plan, that if there is any necessity whatever for any discounts from the Open Tariff, that necessity applies to the Atlantic Coast more than to any other portion of our line, because it is nearer to Cape Horn competitor that requires the reduction. Now, then, the Atlantic seaboard man has an advantage of the Western man, therefore, the New York manufacturer can ship via Cape Horn much cheaper than the Pittsburgh man can, because *he* has something to add for the rail service to New York.

Mr. RISTINE—We might see the necessity of making a 75 cent rate on Iron from Pittsburgh.

Mr. STUBBS—We have been restricted to \$1 by the Trunk Lines.

Mr. GODDARD—That is all true. You start out with the proposition that the present rates from the seaboard without Special Contracts will result in throwing all the business to the Clippers, it will result in assorting and sending heavy goods that way. That is a matter of truth. I do not dispute that proposition at all, but admit it as the fact; then the question is, do we want the Pittsburgh, the Buffalo, the Chicago, the Cincinnati business to go by Clipper?

Mr. STUBBS—It don't follow that it will do it. There is less likelihood of Pittsburgh, Chicago, Buffalo and Cincinnati business going via Cape Horn than there is of Poughkeepsie, Auburn, Jersey City or New England freight going that way.

Mr. GODDARD—Is not that a proper subject to leave in the hands of the Committee?

Mr. STUBBS—I do not think so.

Mr. HANNAFORD—Would the Committee not be more likely to get concessions from the Trunk Lines sooner if they secured such concessions from the interior lines first?

Mr. STUBBS—I do not know as to that. It might be that there had been a failure to secure what you desired. It might be that by pursuing a policy of discrimination against the Atlantic Seaboard you could eventually prevail upon the Trunk Lines to do this thing, but I think a policy of lower rates under a Contract Plan from the West would be more apt to incense the Trunk Lines and influence them to withdraw from any through rates. I really think that the labor of this Committee should be applied as upon the Trunk Lines—go right down to New York, and in the event of failure there, if we are going to be cut off on the Atlantic Seaboard, then I should say that we had better try it from all points for a while on the Open Tariff. That is my judgment in the matter; and moreover you will find—I know you will find this, just as though I had the merchants right here to swear to it—that you cannot make a contract with a large firm in this city binding them to ship exclusively by rail, and that, I understand, is to be the condition of this discount, unless you can give him a specialty—some discount on his Atlantic Seaboard business where he wants it most. You would have to cover all their business. I have been too long in this business not to understand just what you have to do.

Mr. HANNAFORD—We are conducting this business now upon an entirely different plan to that which has ruled in the past.

Mr. STUBBS—I do not understand it so. As I understand this proposition, it is to undertake to make the same sort of contract that we formerly made, only limiting it to a few of the larger houses.

Mr. RISTINE—I think all will concede that it is desirous to

give shippers more Cape Horn privileges than they had in the past, certainly on articles of Iron, etc.

Mr. MILLER—I think we would all be better off if we did.

Mr. GODDARD—This evidently resolves itself into a question of confidence. If there is no confidence in this Committee, why not recall your action? If we have no confidence in our Committee, we had better dismiss them and appoint a new set.

Mr. RISTINE—Mr. Kimball, what are your views on this subject?

Mr. KIMBALL—My impression is that we will have to make our fight first with the Trunk Lines and the New England Lines, and, as you know, I am in favor of a Special Contract system—always have been. I should work to re-establish that Contract Plan from the seaboard and to get a goodly number of Special Contracts—take the larger houses and hold them to the all-rail lines. If we succeed in that, the balance of the commission of that Committee is a very simple one, easily accomplished.

Mr. GODDARD—Failing in that, what would you do with the other business?

Mr. KIMBALL—I would scale the West-bound rates more than your present tariff scales them and make them *Open* rates.

Mr. GODDARD—That meets the proposition; that meets my ideas.

Mr. RISTINE—That is all right.

Mr. MILLER—It seems to me the best thing to do is to make rates as low as we can afford to carry the stuff, and we shall carry it by rail. I do not think there will be any Cape Horn business of any volume on low rates that way.

Mr. STUBBS—The only way to test this thing is by experi-

iment; it would be pretty costly, but I think we had better try it.

Mr. MILLER—Mr. Stubbs, my opinion is formed from my own personal experience. I was in business in St. Louis some years ago. I could ship Nails from Wheeling to St. Louis at 6 cents a keg. I shipped by rail at 20 cents a keg. It was money in my pocket, as I figured it, to carry a light stock of Nails in St. Louis at 20 cents, as against a heavy stock at 6 cents, and I believe that the merchants of San Francisco will look at this transaction in a similar manner, at the same time holding out the threat of Cape Horn. I believe an experiment will reveal their preference and use of the Trunk Lines in the handling of their business.

Mr. STUBBS—As I have said before, we are launching on an experiment. If you do not want to reach it by a Contract Plan, we can try the Open Tariff. If you are going to try Contract Plan, we want to try it upon the business that needs it most—the Atlantic Coast business. I go further, so far as our interests are concerned. If we cannot get Specials from the Atlantic seaboard, we don't want them at all.

Mr. RISTINE—Now, take the matter of application to the Pacific Coast Association for rates; we cannot obtain prompt answers. We should arrange with them so as to get prompt replies.

Mr. STUBBS—Is it your object to place the naming of West-bound rates entirely in their hands, without conference here?

Mr. RISTINE—No.

Mr. STUBBS—Is it the object to leave the matter in the hands of our Commissioner?

Mr. RISTINE—Yes, so far as we can, or to whoever it is decided—as it is now. We should arrange matters so that we can work more promptly and harmoniously with them.

Mr. STUBBS—I think that it is all very well for this committee to arrange for a prompt reply to any communication which our Association may address to either or all of these Associations, but to go and make any special dicker as to the right to make rates, I do not believe we want to do that. Mr. Ristine, so far as your resolution relates to Special Contracts, would you have any objection to wording it, instead of "authority to negotiate," "that this committee be appointed to wait upon these lines for the purpose of securing from them authority," etc.?

Mr. RISTINE—Change it any way you like.

Mr. STUBBS—I can write a substitute for yours, but do not want to have a row about it. Mr. Chairman, Mr. Ristine's resolution, as I understand it, was unanimously carried.

The COMMISSIONER—Yes, sir.

Mr. STUBBS—I did not consider the matter carefully or read it carefully when I voted for it, and I now wish to have the vote upon that resolution reconsidered for the purpose of offering a substitute. I don't know but that the members would accept this as a substitute, but I would like to read that which I propose to offer before I make the motion for reconsideration, in order that you may know why the idea is to make the duties of the Committee specific and confine it to certain lines, not to give them powers to range all over the field of the tariff, making rules and regulations.

Motion to reconsider resolution appointing Committee to confer with Eastern Lines, and substitute therefor.

Mr. STUBBS read the following:

Resolved, That a Committee of Three be appointed to confer with the Pacific Coast Association, the Middle & Western States Association and the New York Trunk and New England Lines for the purpose of obtaining from them authority to make a limited number of special freight contracts, upon such terms and conditions as the business demands; that these contracts be made upon the basis of a discount from the Tariff rates, and said discount shall apply from all points.

Mr. STUBBS—Now, for the purpose of offering that resolution, I move a reconsideration of Mr. Ristine's resolution.

Seconded by Mr. KIMBALL.

Carried.

As to San
Francisco
arrange-
ments ap-
plying to
Portland.

Mr. HANNAFORD—I would like to ask, in that connection, if it is understood that a limited number of contracts as accorded to San Francisco will also be accorded to Portland?

The COMMISSIONER—I should so construe it.

Mr. STUBBS—My idea would be that whatever is decided with respect to San Francisco, so far as West-bound is concerned, would apply equally to Portland. I suppose it to be the intention to provide as we have in the past that San Francisco and Portland shall be the same, and I think that would cover it.

Mr. MUIR—There would have to be a provision about that between the Oregon Short Line, the Northern Pacific and the O. R. & N. I want that put in, as there is a provision under our Contract in connection with that matter.

Mr. HANNAFORD—So far as the principle with the Trans-Continental Association is concerned, I simply want to know if it is understood that any similar interests at Portland can be protected in the same manner as they are in San Francisco.

Mr. MUIR—As I understand it, we can always duplicate at Portland what is done in San Francisco.

Mr. SHELBY—If we make 200 Contracts in San Francisco, you should have the right to make that number in Portland.

Mr. GODDARD—You should have the right to make all that are necessary.

Mr. STUBBS — If that is understood, you should have that understanding with the Trunk Lines in your negotiations.

Mr. SHELBY—If you agree that 200 Contracts would be

the maximum to be made, and it was understood that your reference was to San Francisco, Portland would be left out.

Mr. MUIR—We could arrange so as to make a comparative number in Portland.

Mr. SHELBY—If they should agree to make 200 and no more, where would Portland be? We should have some understanding.

Mr. STUBBS—I suppose that if we should make contracts here with the Woodenware men, the Hardware men, the Grocery men, similar interests at Portland should have precisely the same rates and on the same conditions.

Mr. HANNAFORD—You say “on the same conditions.” Now, a tonnage limitation might be put on at San Francisco that we could not duplicate up there.

Mr. STUBBS—I don’t think that ought to be. I don’t think it would be done. There should be a broad understanding that you can protect your trade.

Mr. HANNAFORD—That is all we ask.

Mr. RISTINE—You say “from all points.” Do you mean from local points too?

Mr. STUBBS—No. I mean from common points of course, from which the Tariff rates apply.

Debate
upon
resolution
re Commit-
tee to confer
with East-
ern Lines.

Mr. RISTINE—It would be well to state that; it might be susceptible of misinterpretation.

Mr. STUBBS—If it is not plain, you can make it plain, or I will make it plain. Now, where the Tariff may name rates from any particular point, the discount might be made to apply from that point; but if you want to know whether I mean in case it originates at a local point on one of the Trunk Lines which take an arbitrary, that the discount shall apply on both the local and through rate, I don’t mean anything of the kind. I don’t think it is susceptible



of that interpretation; it applies only from common points from which our Tariff provides a rate, that is the Through California Tariff.

Mr. RISTINE—There are a lot of interior points that take the local.

Mr. STUBBS—Well, the Tariff has got to provide for the rates from Chattanooga and Southern points. It should be understood that in the event of a discount being made on domestics from New England points the request should be made to cover those parties, big men, who may wish to ship from Augusta, Georgia, for instance, or the cotton mills of the South—that is what I mean by it.

Mr. RISTINE offered the following amendment:

Erase all after the word "rates," at the end of the resolution.

Seconded by Mr. Goddard.

Mr. RISTINE—Leave that discretionary with the Committee.

Mr. STUBBS—It will be understood by all that when we were in Chicago both the Pacific Coast gentlemen and the Middle and Western States gentlemen provided or stipulated, when they consented to a Discount Contract arrangement, that whatever Contracts were made should apply "from all points;" that is to say, we were there taking them up in turn, first the Pacific Coast Association, getting their agreement to the Tariff and Contracts, then the Middle and Western States, and then the Trunk Lines. Now, they stipulated that if they agreed to the 10 per cent., whatever was done, whatever contracts were made, such contracts should apply upon all the rates. They demanded just the thing that I now ask here, and we agreed to it. Then we went down to New York, the Trunk Lines refused, and that upset the whole thing. Now, we propose to go East, or to send a committee East, with power to make from one section of the country a Discount Tariff, regardless of whether they can get it from the points that we more especially need

it from than any others, and it ignores some interests represented here.

A vote being taken resulted in the votes of the C. P., S. P. and G. H. & S. A. being recorded in the negative.

Vote upon
Mr. Ris-
tine's
Amendment

Upon the resolution, as amended, the vote stood:

Vote upon
resolution
as amended.

Ayes—A. T. S. F., A. & P., U. P.—3.

Nays—B. & M., C. P., D. & R. G., D. & R. G. W., G. H. & S. A., N. P., O. R. & N., S. P., T. & P.—9.

Declared lost. (See page 146).

By Mr. GODDARD, seconded by Mr. MILLER:

Resolved, That the Acting Commissioner of this Association be instructed to furnish to each of the Board of Arbitrators copies of the Resolutions passed covering business to be pooled, agreement to arbitrate, and time specified for the closing of arguments, and that they be requested to convene and render their decision at the earliest practicable date, and to signify their acceptance of the trust to the Acting Commissioner.

Acting Com-
missioner to
furnish
Board of
Arbitration
with resolu-
tions, etc.,
bearing
upon the
subject re-
ferred.

Adopted.

By Mr. STUBBS:

Resolved, That before pooling, any road in the Eastern Pool may deduct one-half the average rate per ton for Freight or per Passenger on the freight or passengers carried in excess of its allotment.

Proposition
for allow-
ance of one-
half on ex-
cess carried
by any
member.

In your judgment, Mr. Chairman, is there any accounting difficulty in the proposition?

The COMMISSIONER—No; very much easier than the other way of deducting \$4.80 per ton for the line.

Mr. STUBBS—Mr. Towne directed me to offer that resolution. It is to mitigate any dissatisfaction or possible disruption of the Pool, on account of failure of the Arbitrators to hit a pretty nearly fair distribution of the traffic in accordance with the earnings. He does not think that the \$4.80 per ton is sufficient. He understands how that \$4.80 per ton was established down at St. Louis; that it was all we could get Mr. Hoxie to consent to.

The COMMISSIONER—It would make a very large difference, averaging on the rate each road would take out of the excess, because your average rate per ton per mile is very much different on different roads.

Mr. STUBBS—Understand that in making settlements for the month the Commissioner would find the average rate for the whole tonnage of the roads, and take one-half of that.

The COMMISSIONER—All the roads combined?

Mr. STUBBS—Because, if you took it at one-half the average over each road, you see at once one road might carry in that month a larger proportion than usual of low class freight, or a larger proportion of first-class freight.

The COMMISSIONER—To show you how that would work—in October the Central Pacific received \$11.43 per ton, while the B. & M. received \$5.74 per ton.

Amendment
changing
Proposition
from one-
half to a
percentage
basis.

Mr. GODDARD—I move to amend, by making that in the shape of a percentage, deducting for Freight on the excess 40 per cent. and for Passenger 25 per cent.

Mr. MILLER—I would like to ask if this is intended to be a part of the Agreement?

Mr. STUBBS—Certainly. I will accept the amendment.

Mr. GODDARD—I will second the resolution as amended.

The COMMISSIONER—The resolution as amended reads as follows:

Resolved, That any road in the Eastern Pool, carrying Freight or Passengers in excess of its allotment, may deduct at the rate of 40 per cent. of its earnings from the excess of Freight, and 25 per cent. of its earnings on its excess of Passenger, before pooling.

The vote stood:

vote there-
on.

Ayes—A. T. & S. F., A. & P., C. P., G. H. & S. A., S. P., T. & P., U. P.—7.

Nays—B. & M., D. & R. G., D. & R. G. W.—3.

Lost.

Mr. GODDARD—The time is getting pretty short, and in order to facilitate matters I would offer the following:

Resolved, That two committees be appointed, one General Committee of Four upon the formulation of an Agreement for the government of the Trans-Continental Association, the other to comprise representation of the Passenger Department of each road, to discuss matters pertaining to the Passenger Department of this Association and to adopt such rules and regulations for their government as may seem to be necessary. The Commissioner to act as Chairman of the Passenger Committee.

Committees
upon form-
ulation of
Agreement.

Seconded by Mr. ECCLES.

Adopted.

Mr. STUBBS—Is it understood, since the failure of our resolution as to the increasing the amount to be deducted on account of excess, that the allowance provided for under the old agreement is to stand, or must we debate that again? I do not think any one present wants anything but what is equitable, and the only argument against a deduction for the carriage of Freight or Passengers has been the temptation to use that as a new way of getting business.

Discussion
upon excess
allowance
resumed.

Mr. GODDARD argued favorably upon the adoption of such a provision.

Mr. STUBBS—The resolution to increase the allowance to 40 per cent. on Freight and to 25 per cent. on Passenger evidently will not carry now. Is it the general understanding here, so that there will not be any debate upon it, that the old rule of \$4.80 on Freight and nothing on Passenger, or something corresponding to that, shall prevail? If we will modify that resolution—reduce it to 33½ or to 30 on Freight and down to 20 per cent. or something less on Passenger—would that remove the objections of those who voted in the negative? I don't want to take the time of this meeting, but desire some instructions to the General Committee, so as to preclude the possibility of debate, and I want, under instructions from our General Manager, to get all the allowance on the excess that we can.

Mr. MILLER—I am perfectly willing to let the old basis rule. I am not willing to increase it.

Mr. HOOPER—I am perfectly willing to let the Passenger stand without any allowance.

The COMMISSIONER—Under Mr. Goddard's resolution I would appoint Messrs. Kimball, Stubbs, Ristine and Muir as the General Committee, and would call the Passenger Meeting for 7:30 p. m.

Upon motion an adjournment was taken until 9 a. m. to-morrow.

WEDNESDAY, *January 21st*—Morning Session.

Meeting convened at 9:30 a. m.

The General Committee upon the formulation of the Agreement being still in session, upon motion an adjournment was taken until 2 p. m.

WEDNESDAY, *January 21st*—Afternoon Session.

General Committee still in session.

It was

Agreed telegram restor-
ing rates,
etc.

Resolved, That the proper officers of Lines, members of this Association, will immediately notify their several Agents that on and after January 22, 1885, all Special Rates, Discounts and Rebates are cancelled and must be withdrawn forthwith. Thereafter the published rates and those duly announced by the Commissioner must be strictly and honestly observed. This notice to be given by telegraph, and to include Colorado as well as Trans-Continental business, and Agents shall be instructed to be governed accordingly.

Adjourned until 8 p. m.

WEDNESDAY, *January 21st*—Evening Session.

Meeting convened at 8 p. m.

All members represented.

The COMMISSIONER—I believe the first business before the meeting will be the report of the General Committee upon the revision of the Agreement.

Deferred.

Mr. STUBBS—I move—

That it be the understanding that the Resolutions providing for two Pools, and for the Board of Arbitration, be included in and prefix the General Agreement.

Resolutions to prefix General Agreement.

Seconded by Mr. KIMBALL.

Adopted.

By Mr. STUBBS:

Resolved, That Mr. Goddard be appointed a Committee of One to wait upon Vice President Hoxie, of the Texas and Pacific Company, report to him the nature of the Agreement consummated at this session, and secure and notify the Commissioner of the concurrence of the Texas & Pacific therein.

Mr. Goddard to interview officials of T. & P. R. R. add get their assent to Agreement.

Resolved, That M^ssrs. Hoxie and Goddard each be apprised by wire of the appointment of this Committee.

Seconded by Mr. SMITH.

Adopted.

It was agreed:

That the Board of Arbitration in their discretion may continue the date set for the hearing of arguments until March 1st, upon evidence satisfactory to them being presented to show that such extension desired by any member is necessary, and the delay upon the part of such member unavoidable.

Board of Arbitration to have power to continue date for receiving of Argument.

Mr. STUBBS offered the following:

Resolved, That the Pool Settlements between the roads in this Association shall be made on the following plan:

Plan for making Pool Settlements.

The Commissioner shall furnish all members with statement of the Freight and Passenger business separately, as soon as such statements shall be prepared, and is hereby instructed to furnish an additional statement covering both Passenger and Freight business, showing the total balances due from and to whom due on account of both characters of traffic.

It is understood that upon the latter statement settlements shall be made.

Seconded by Mr. KIMBALL.

Adopted.

Mr. STUBBS—I move—

That the resolution be regarded as covering the Pool Settlements not only for the future but for the past.

Freight statement should be sent to each member for their information. Passenger likewise, both to be included finally in a consolidated statement upon which the settlement between the Lines shall be made. I take it that that is the only statement the Agreement provides for. It might transpire that while a road may be "short" on Freight, it may be "over" on Passenger. Again, the Northern Pacific subsidy is deducted from the total earnings, which cannot be done until consolidated statement is made.

The motion was adopted.

Question
upon intent
of Agree-
ment re Set-
tlements
and debate
thereon.

The COMMISSIONER—There is one point in the Agreement which is not clear to me. It states that this settlement shall be made after deducting the subsidies. The settlements are on your actual earnings, and have nothing to do with the Pool whatever. I have been trying to get it through my head without asking the question, but I really cannot do it.

Mr. STUBBS—The point is this, you first ascertain what the earnings of a given Line were for a given month, then you deduct from that the subsidies, the remainder to be pooled.

The COMMISSIONER—You make the same deduction from the road that is "over" as from the road that is "short."

Mr. STUBBS—You do not determine the "over" and "short" until the deductions are made.

The COMMISSIONER—If you take it from the total what difference does it make?

Mr. STUBBS—Don't conflict your subsidy business with your pool business.

Informal discussion.

Mr. STUBBS—The point is, we pool on San Francisco, Marysville and all the Pacific Coast business. Now we pay a subsidy upon the actual earnings on San Francisco, and that is a little confusing. The Acting Commissioner will have to figure that out in some way.

The COMMISSIONER—Take the subsidy we pay the Pacific Mail—\$95,000 per month, getting a drawback on the tonnage we ship that way. You take the \$95,000 and get your credit of Freight that you handle by P. M. S. S. and your Passenger business separately, finding the percentages between the two, and showing the balance due them on account of Passenger subsidy and on account of Freight subsidy, and then apply the Passenger percentages to the balance due them account of Passenger subsidy, and Freight percentages account Freight subsidy—this in reference to the mode of distribution of that subsidy.

Mr. RISTINE suggested that the point in the Agreement raised by the Acting Commissioner had better be referred to the Executive Committee for their solution.

Mr. STUBBS—I take it that as the Agreement stands there is a confusion, and that the Commissioner cannot go ahead without assuming some responsibility which he may be opposed to assuming, and I would offer the following:

Resolved, That it is the intent and meaning of the Contract providing for the payment of subsidies and the pooling of earnings that the Lines "Short" shall pay the share of subsidies properly chargeable to the amount transferred to them by the Lines "Over."

Resolved, That the Acting Commissioner shall consider and report to the Executive Committee a plan which shall carry out the intent of the Contract as declared above.

Resolution regarding Pool Settlements. Commissioner to submit plan for carrying out intent of Agreement.

Seconded by Mr. HANNAFORD.

Carried unanimously.

By Mr. HANNAFORD:

Resolved, That the Executive Committee be authorized to fix a compensation for the services of Mr. L. G. Cannon, while he shall act as Commissioner.

Compensation of Acting Commissioner: remarks thereon.

Seconded by Mr. SMITH.

Adopted.

Mr. STUBBS—The Executive Committee might be instructed to do this as soon as possible.

The COMMISSIONER—It is likely that Mr. Smith will not arrive here before the first of the month.

Mr. HANNAFORD—My idea was that the Executive Committee could fix it before we left here.

Mr. STUBBS—Those members of the Committee who are here could agree, and the certificate of the Chairman would be all the authority required to draw the amount.

Northern Pacific allowed to meet local manufacture.

Mr. HANNAFORD introduced the question of making Special Rates, to take care of the particular interests of the Northern Pacific.

Mr. STUBBS thought it was covered by the Agreement, and stated that he did not care what rates were made by the O. R. & N, and Northern Pacific to Portland, to meet local manufacture, and so long as such rates did not interfere with the intent of the Agreement, he would be perfectly willing that they should make such rates.

Mr. HANNAFORD particularized the rates ruling on Pottery and claimed them to be prohibitory as against the potteries in Oregon. He said that the rate of 78 cents, operative in 1884, would take care of the business, and asked if there was any objection to his taking care of that particular traffic, if he could arrange to do so.

It was the sense of the meeting that the Northern Lines might arrange to take care of the business in question.

The COMMISSIONER—Suppose this 78 cent rate is made by the Northern Lines. Is there any objection to putting it in on California business as the same necessity might apply here.

Mr. GRAY—We may not be able to secure the approval of the Iowa Lines.

Mr. SHELBY—Suppose we give a list of specials necessary upon articles of this kind to the Commissioner, and pass a resolution that it shall become operative upon a certain date.

Mr. RISTINE suggested that as a matter coming under the Freight Department.

Action deferred until the convening of the Freight Department.

Mr. RISTINE thought the words "questions of general policy," should be erased from the Agreement, and said: I would not regard that the making of these Contract Rates or any general scheme of Contract Rates as being subject to a unanimous vote, as it would result in the non-protection of the interests of the majority in a great many cases.

Mr. STUBBS objected, and asked for the reading of the resolution upon the subject of Union Ticket Office in San Francisco.

"Questions of General Policy;" debate thereon.

Union
Ticket Office
in San
Francisco;
debate on.

The COMMISSIONER—The resolution introduced by the Passenger Department reads as follows:

Resolved, That the Trans-Continental Association establish and maintain one, and only one City Overland Ticket Office in San Francisco, for the sale of tickets, without influence or prejudice over the lines of all the members of the Association, and that in case any Line establishes another or independent Ticket Office in San Francisco, in violation of this provision, the sale of tickets over said Line shall be discontinued in the Ticket Office of this Association.

Resolved, That the Agent in charge of said Ticket Office, and his Assistant or Assistants, shall be appointed by the Commissioner, subject to the approval of the Executive Committee, and serve for one year unless sooner removed by the Commissioner.

Resolved, That said Agent and his Assistants shall be under the control of and subject to the orders of the Commissioner.

Mr. STUBBS—There is a pretty good case where unanimous vote ought not to obtain. I think a majority vote ought to rule just about as well.

Mr. RISTINE—The adoption of that resolution would in a measure conflict with an Agreement entered into by the Presidents of the Atlantic & Pacific and Southern Pacific Companies, and it is a matter which I would not, under the circumstances interfere with without authority.

Mr. STUBBS—There is no Agreement made which says that the Atlantic & Pacific, Union Pacific, or any other Pacific Company, except the Central Pacific Company, shall have a Ticket Office in this city. The Agreement in question says that the Atlantic & Pacific may put on their tickets, this as between the Central Pacific, the Southern Pacific and the Atlantic & Pacific. Now, here is an Association of which the C. P. and S. P. Companies are members with the Union Pacific and other companies equally interested in this business. The Association is for mutual protection, for the maintenance of rates, and for economy of working the institution. This resolution did not originate with the Central Pacific, but the Central Pacific has informed every one of these members that has interrogated its officers on the question, what the Atlantic & Pacific had the right to do under their contract. Now, these Eastern Companies have been somewhat exercised over this matter. They say if the Atlantic & Pacific opens an office here, that its only connection is the A. T. & S. F.; that the Central Pacific have a divided interest which could not be associated with that of the A. & P.; and if they are going to open a Ticket Office, the Union Pacific is going to open a Ticket Office; the Texas & Pacific say they will open one; the D. & R. G. say we must open one, etc., and the result would be that we would have a number of Ticket Offices. Now, this proposition, this suggestion, was made by the Central Pacific to avoid that—that the Association shall agree that there shall be but one Ticket Office here. We will step down and out, take down the Central Pacific signs, and make it a Central Union Ticket Office under the control of the Commissioner, and that shall be the only office in which tickets shall be sold.

Mr. RISTINE—Why was not the sign taken down before?

Mr. STUBBS—Time enough to do it now.

Mr. RISTINE—The Atlantic & Pacific paid \$7,000,000.00, with that as one of the considerations.

Mr. STUBBS—This comes to you as a proposition from the Association, not from the Central Pacific.

Mr. RISTINE—We can see the father of it.

Mr. STUBBS—Well, we are all apt to see things that don't exist. Mr. Ristine, I am simply stating this case, in order that we may have a proper understanding of it, and you may say what you please, these men know whether I am correctly stating the matter or not. The proposition is to neutralize this competition. That is the very object in view in forming this Association, and it is for that reason, and that only, that the proposition is made, and I desire it put on record that so far as the individual interests of the Central Pacific system are concerned, it don't care one —— whether the Atlantic & Pacific opens a Ticket Office here or not. It is only on account of our connections. We know it will raise "Hail Columbia" here, and that it will tend more towards the disruption of the Association than any other agency. Now, just put it out of your mind that the Central and Southern Pacific care one cent whether you open a Ticket Office or not. We made this Agreement with you and we propose to carry it out. The question is, whether as an Association interest it would be a better plan. We are ready to come forward and take down our sign. We are the only actual Terminal Line, and for the sake of peace and for the protection of the interests of all, we are willing to come forward with this proposition made by the Central Pacific system in the interest of its connections, in the interest of harmony. That is the basis I desire it put upon, and upon no other. Now, you have the statement, and if I have misstated the case as to the effect, I desire to be corrected. They all know whether the proposition originates with the Central Pacific or not, and whether the Central Pacific have been exercised or not upon the subject of the Atlantic & Pacific opening a Ticket Office.

Mr. RISTINE—We have not said whether we were or were not going to open a Ticket Office as yet. We have not des-

ignated any time or date. We will invite you all to be present at the "opening."

Mr. STUBBS—It is pretty generally understood that you propose it. I think that we have all here that we will have here to-morrow. Why not act upon it and get it in the Minutes of the General Meeting?

See page 135

Mr. KIMBALL—I will offer the resolution.

Seconded by Mr. MILLER.

The vote stood:

Ayes—B. & M., C. P., G. H. & S. A., S. P., T. & P., U. P.—6.

Nays—A. & P.—1.

Declared lost.

[NOTE—The representatives of the A. T. & S. F., D. & R. G. and D. & R. G. W., left for the East at 3 p.m. today; N. P. and O. R. & N. not interested.]

Mr. RISTINE—I vote "nay" for the reason that it is a matter which I consider as beyond my province—a matter I would not feel authorized to affirm, as it might modify or change the contract entered into between the Presidents of the Atlantic & Pacific and Southern Pacific Companies.

Freight by
Passenger
trains.

The COMMISSIONER introduced the question of Freight by passenger trains. Shall it be considered as poolable?

Mr. STUBBS offered the following:

Resolved, That owing to the fact of the Freight business done by Passenger train over the Union Pacific being regarded as Express business, and entering into the accounts of the Pacific Express Company, and not into the accounts of the Union Pacific Railroad Company proper, the managing officer of the Union Pacific Company claiming to have no authority over the business in question, that all Freight business done by Passenger train by the other Companies parties to this Agreement, be excluded from the Pool and from all assessments for expenses, subsidies, etc., from which the earnings from same class of business on Freight passing over the Union Pacific is excluded.

Seconded by Mr. RISTINE.

Adopted.

On motion the meeting adjourned until 9 a.m. to-morrow.

THURSDAY, *January 22d*—Morning Session.

Meeting convened at 9 a. m.

The COMMISSIONER—Do you desire that East and West-bound Pool Reports shall be rendered, such as I have presented here, and which give you the business from all Eastern points, but which the Consolidated Statement of Pool Settlements does not give? The latter is simply a General Statement, while the East and West-bound Reports give statistical information; and if it is not deemed necessary that we compile these reports, it saves us considerable labor in figuring percentages.

Question as to the reports desired by the members.

Mr. RISTINE—I should say that these reports should be continued.

Mr. KIMBALL—It strikes me so. We would have a more intelligent understanding of the business. It would probably cause more labor.

Mr. HANNAFORD—What would be the increase in the expense?

The COMMISSIONER—Probably the Pool is going to cause the employment of six more men.

Mr. HANNAFORD—I mean in the publishing of East and West-bound Reports—how much additional expense to what you would necessarily have to have to get out the final result?

The COMMISSIONER—Not so very much.

Mr. HANNAFORD—About how much?

The COMMISSIONER—We might say one more clerk.

Mr. HANNAFORD—I should say continue them.

Agreed.

European
Freight
Traffic—
Question
thereon.

The COMMISSIONER—I would like to ask a question: "European Freight traffic, transported under Through Contracts, etc., shall be reported to the Pool at actual earnings." What does that mean?

Mr. RISTINE—That means without regard to the 66 per cent. of the New York rate, if it goes by New York.

The COMMISSIONER—Do you mean actual earnings of the Association?

Mr. RISTINE—Take New Orleans business; $87\frac{1}{2}$ per cent. of the regular rate is pooled.

The COMMISSIONER—You put in $87\frac{1}{2}$ per cent. of the traffic billed to New Orleans?

Mr. RISTINE—I should say no. Suppose a rate on a commodity is \$2 to St. Louis, through New Orleans, and it is billed out at \$1.50. They have to put in $87\frac{1}{2}$ per cent. of \$2, which is the agreed rate. They do not put in actual earnings. If they take it at \$1.50 they have to put in $87\frac{1}{2}$ per cent. of the tariff rate.

The COMMISSIONER—if you bill it through on Through Bills of Lading at \$1.50, and that is the through rate, it is billed through to New Orleans to take steamers or other vessels from there, and you would put in $87\frac{1}{2}$ per cent. of the through rate of the line between here and New Orleans.

Discussion deferred.

Turpentine.
Rate on.

The COMMISSIONER presented for the consideration of the members a letter ex E. A. Tilford, Standard Oil Company, in reference to rates upon Turpentine.

Mr. SHELBY—What is that Turpentine rate?

The COMMISSIONER—Same rate we had upon Oil, $6\frac{3}{10}$ cents per gallon, only they desire this from St. Louis.

Mr. STUBBS—Turpentine comes from St. Louis.

Mr. RISTINE—I would state that so far as I am concerned that there is no such understanding as Mr. Tilford names. There was no three years' statement in the proposition at all. This is the first that I have heard of a contract having a three years' duration in connection with the Standard Oil Company. There was a point raised in connection with Turpentine, as to whether we would continue the Turpentine rate from St. Louis, as it existed in 1884, and we said that we would endeavor to have it continued for the Standard Oil Company. That is all I know about it. Probably Mr. Stubbs can explain further.

Mr. STUBBS—I think you state it correctly. At the same time, at the time we were negotiating there was no reasonable probability that we would not be able to accomplish just what we said we would try to, and of course the contract was closed with Whittier, Fuller & Co. upon that basis. In order that you may properly understand this matter, it would probably be fair that I make an extended explanation. For a great many years we have been endeavoring to get the Oil traffic onto our rail lines. It was almost exclusively done by Cape Horn. Previous to the Standard Oil Company coming here the Oil trade of this coast was controlled by A. Hayward, and from three to four hundred thousand cases of Coal Oil came round Cape Horn every year. As early as 1871 the Central Pacific and Union Pacific endeavored to take that Oil, beginning by using F. B. Taylor & Co. here, but we made no progress whatever. The first inroads upon the traffic were made by Mr. Blake, of the Continental Oil Company, who had done the business in his tank cars to Colorado and other Eastern points for quite a period. He asked me here to introduce the Tank Line arrangement into the California business. He was known to the Union Pacific Company, and I do not know but what he came here at their instance and for that purpose. He was at that time a man of large capital and of great energy, and by a combination with Taylor & Co. they did make some progress in getting

Oil onto the rail lines. Afterwards, however, the Standard Oil Company undertook to establish themselves on this coast and bought out Low & Co., who had succeeded in getting Hayward's Oil business. They then came to us for a contract, and we made a contract with them and with the Continental Oil Company by which or under which they agreed to ship exclusively by rail, and the rates practically up to 1884 have been what they were during that year. I believe we had to make one reduction. We found, however, that even the Standard Oil Company could not control this business. There were firms here that had a commission business, and had large capital and would either take consignments of Oil, making large advances on them, or would buy the Oil outright, and would ship round Cape Horn, so that in the neighborhood of from one to two hundred thousand cases have still continued to go round Cape Horn. The Standard Oil Company was not able to control all the refineries at the East. The Tide Water Company was antagonistic to them, but they had been working, and only succeeded last year in neutralizing their competition with the Tide Water Company, which gave them an additional advantage, although to-day there are quite a number of refineries at the East, and some in Pittsburgh, which are independent of and in competition with the Standard Oil Company. The principal man here who was in competition with the Standard Oil Company was Whittier, of Whittier, Fuller & Co., a firm very capable, shrewd, and with an abundance of capital. Their shipments amounted to over 100,000 cases per annum. For a long time, I might say two years, I have urged upon both the Continental and Standard Companies that it would be utterly useless for them to undertake to control this business, unless they could take care of Whittier, Fuller & Co. W. F. & Co. large dealers here, like the others, had a large jobbing trade and also a retail trade. They were strictly speaking a Paint and Oil house and it was part of their business. For two years they have been undertaking more or less to control Whittier, Fuller & Co., and we have been aiding them, as you know, in the low

rates that we have made upon White Oil and upon Linseed Oil; but they found that bulldozing tendencies would not work; they could not accomplish anything. I think that ever since last January they have been trying to fix the matter up on the basis of co-operation. Propositions and counter propositions have passed between them. In August last I was informed of the situation. They had finally reached a basis at which they could contract. Among other things that had to be taken care of was the Turpentine trade, and one of the conditions that Mr. Whittier imposed was that the Standard Oil Company should go out of certain Turpentine trade, and deliver it here at five cents per gallon; in other words, deliver it at about Cape Horn cost. That the Standard Oil Company cannot do and pay the Oil rates which have already been established; but they were willing to make some allowance on Turpentine, which amounted to 40 car-loads per annum, in consideration of the Oil trade of Whittier, Fuller & Co., although they make very little out of that, and the further relief from Whittier, Fuller & Co.'s competition in this market in the way of prices. I excused myself to these people for the interest we took in having this matter fixed up, on the ground that from the very start we had looked forward to a time when this Oil business should be fixed to our lines, and then we should reap some of the benefits that we have been working for by an increased rate. They had all the time expressed themselves as willing to stand a higher rate whenever the condition of the competition was such that they could afford to pay it. About the time that they had concluded this thing they came to me, and I took the ground with Mr. Tilford, that we wanted an advance rate on Coal Oils. They did not like that very much, but I referred to the fact that they had promised all along that when the time came that they could afford to do it, they would; and I thought that time was approaching now. I urged upon them the fact that Mr. Vaillant, of the Lake Shore Road, had been after Mr. Ristine, complaining that the rate was too low, and I feared unless they would con-

sent to some advance that we should not be able to continue the contract for the ensuing year. Then Mr. Tilford referred to their contract with Whittier, Fuller & Co. as to why they could not advance the scale of prices for the Oil. They must agree also to deliver the Turpentine here at five cents per gallon. I wanted that we should keep Turpentine on the same level as Oil. He said, "No; this is an arbitrary matter, we have to deliver the Turpentine here at 5 cents per gallon, and we are willing to do that and meet the loss; but we want you to guarantee us that the loss shall not be greater than it would be based upon the old rates of last year." The whole matter was referred to Mr. Ristine, and we agreed that we would recommend to the Eastern Lines certain Oil rates. Mr. Tilford said he would recommend these rates to his people. After he had been East he returned, stating that they could not stand them, that the competition was such it would not allow them to stand the rates we proposed. After we went to Chicago, Mr. Vaillant and the Pittsburgh men were met by us with Mr. Tilford, and we agreed upon terms which made a difference of about half a cent per gallon. In regard to Turpentine, we said we would try our best to continue the old rate. I cannot think that Mr. Tilford understands that I made a specific guarantee that for three years the old rate on Turpentine should obtain, but we certainly did guarantee that we would do our utmost, and at the time we gave that guarantee he was certainly justified from past experience in taking that guarantee as about all he needed in order to secure him. I am willing to say this morning—I feel constrained to say—that I think the advantages to the Trans-Continental are such that we can afford, whether the Southwestern Association will agree to join in this rate or not, to say to the Standard Oil Company, on Turpentine from St. Louis, we will guarantee to make last year's rates on this commodity.

Mr. RISTINE—And for the same period that the rates on oil are guaranteed?

Mr. STUBBS—I would not give it to them for three years.

I would do it, however, for the term of their Oil contract. That contract only extends for this year.

Mr. RISTINE—There was no time specified.

Mr. STUBBS—That, however, is the understanding. My object in presenting the matter is to get that thing fixed. Now, I talked with Mr. Goddard about that yesterday, and he told me unequivocally that it was his understanding that the old rates on Turpentine were guaranteed from St. Louis, and he said to me that he was willing—indeed, he thought we ought to do it—which is my opinion. I have thought nothing about the three years, and in fact I only glanced at the letter. I had overlooked the fact that it stated that we were bound for three years. Of course this is only one step, not the final step, but a very strong one, toward securing the entire Oil Traffic to the rail.

Mr. SHELBY spoke of the liability of the California production competing heavily for the Oil business of the coast.

Mr. STUBBS thought there was no fear of that from present indications.

By Mr. STUBBS:

Resolved, That the Acting Commissioner confer with the Pacific Coast Association and obtain their approval to the Turpentine rate from St. Louis that existed last year, to continue during this year, for the Standard and Continental Oil Companies, and explain to the Pacific Coast Association that we were enabled to secure higher rates on Tank and Case Oil in consideration of this protection on Turpentine.

Seconded by Mr. MILLER.

Adopted.

By Mr. STUBBS—I move—

That it be the understanding that the rates on Turpentine from St. Louis to Pacific Coast through points, guaranteed to the Standard and Continental Oil Companies during the year 1884, be approved for 1885, with the further understanding that this Association protect them whether the Pacific Coast Association Lines join with them or not.

Seconded by Mr. SMITH.

Carried.

The COMMISSIONER—Is the Committee ready to report this morning.

Committee
to confer
with East-
ern Assns.

Mr. RISTINE—I would like to know whether we are going to have a committee visit the Trunk Line and other Associations to see whether we cannot come to some understanding with them or not.

Mr. HANNAFORD offered the following—

Resolved, That a committee of three be selected to await on the Pacific Coast, Middle and Western States and Trunk Line Associations, authorized to treat with them for authority to make a limited number of Special Contracts on Pacific Coast business. Such contracts to be on a percentage reduction basis, and with the understanding that such reductions shall apply equally from all points covered by above Associations.

Resolved, That when said authority be secured, the Committee shall send their report to the Commissioner, and the Commissioner shall have the authority to make the contracts.

Seconded by Mr. RISTINE.

Mr. STUBBS—I am willing to vote for the resolution with the understanding

That the Committee have authority and shall be instructed to treat with the New England Lines in like manner as with the Trunk Lines, but that in case of failure to secure the assent of the New England Lines, that shall not be construed as prohibiting them from going ahead and making contracts from Trunk Lines, Middle and Western States Lines and Pacific Coast Lines points, regardless of the fact that they cannot do so from New England points.

I would like to have the resolution name the Committee. I think they should be Eastern representatives, and would suggest Messrs. Kimball, Goddard and Olds, and if Mr. Olds will not go, I should substitute Mr. Miller.

Mr. HANNAFORD thought the gentlemen named, owing to their connection with the Pacific Coast Association, would do considerable good.

Mr. RISTINE was of the opinion that the Central Pacific should be represented.

Mr. STUBBS—I am perfectly willing to commit my interest to the parties named.

Mr. RISTINE—I think it ought to be a Committee of representatives from each Line, same as the Executive Committee.

Mr. STUBBS—if you want to make it a Committee composed of a representative from each line, you might put Mr. Gray on the Committee with Mr. Hawley as alternate. For the Central Pacific, Southern Pacific and G. H. & S., A. we will name Mr. Gray, with Mr. Hawley as alternate. I want it understood, if this is to be a Committee of representatives from each Line, whether the action of that Committee is going to be unanimous, as the Executive Committee have to be, or not. If it is not going to be unanimous, I shall claim three votes.

Mr. Kimball was suggested for Chairman of the Committee, but declined, as he was already Chairman of several Committees, and presented the Secretary with list of names which he thought should serve on the Committee, reading as follows:

Messrs. Ristine, Hannaford, Kimball, Gray, Olds and Miller.

The COMMISSIONER—It is understood, of course, that each member of the Committee bears his own expenses.

No objection being offered, it was so understood.

Mr. STUBBS' proposed understanding in reference to interview with the New England Lines being accepted, the resolution, including the names suggested by Mr. Kimball, was adopted unanimously.

Mr. KIMBALL (handing printed draft of the Agreement to the Acting Commissioner)—The Committee present this as the result of their labors, and I would move—

Report of
General
Committee
upon formu-
lation of
Agreement.

That the Agreement be taken up section by section.

Seconded by Mr. MILLER.

Adopted.

The Preamble to the Agreement being read, Mr. RISTINE Objections
to Preamble

Objection to including Oregon Short Line. said: Mr. Kimball, I desire to make a little explanation. Mr. Goddard stated that he should object to the Oregon Short Line being admitted to membership. I now desire to note that objection, in the hope, however, that it will be removed. I expect to see Mr. Goddard in the East, when I trust the matter will be fixed all right.

Objection to including Mo. Pac. Ry System. Mr. SMITH also noted objection to the Preamble—"including Missouri Pacific Railway system." Mr. Smith was informed that in all former agreements Mr. Hoxie had so subscribed for his Company.

Claim of O. S. L. for representation. Mr. KIMBALL—The Oregon Short Line would claim a vote. We regard the Oregon Short Line under the new Agreement as entitled to the same representation as any other independent Railroad Company that is a member of this Association. The Oregon Short Line Railway Company is entirely independent in its stock, in its bonds, in its charter and in its organization, of the Union Pacific Company. It comes in here and agrees to the terms of this Agreement, assumes and undertakes to discharge all the obligations of membership. It undertakes to pay its proportion of the Northern assessment or subsidy to the Southern Lines. It claims its share of the Southern subsidy to the Northern Lines. There is no pledge under that Agreement that the Oregon Short Line does not consider itself bound by, bound to observe, precisely as any other member; and I want to give notice now that if the membership of the Oregon Short Line is declined by one member or more, the Union Pacific Company will not sign that Agreement.

Section I. Adopted.

Section II.

Position of A. & P. upon subscribing to Agreement, and objection to Excursion clause.

Mr. RISTINE—The D. & R. G., A. T. & S. F. and T. & P. are not represented here directly. It is understood that the operation of this Agreement is conditional upon all roads signing it. I desire to say here that I propose to be placed upon precisely the same basis as enjoyed by the Santa Fe road to-day, so far as committing myself is concerned, until



I know their action definitely. I think it will be all right, though. I object to the clause relating to "Excursions"—I do not desire that the matter be left entirely open—that is, I do not desire that Excursion business be openly advocated. I am willing to provide for First Class East-bound Excursions, but not Third Class. It should be qualified.

Mr. SMITH offered counter-objections, claiming it would demoralize the Southern business.

Section III. Adopted.

Section IV. Adopted.

Section V. Adopted.

Section VI.

Mr. MUIR—I should like inserted in that section:

It being understood that the O. R. & N. shall share in the Portland subsidy paid to the Southern Lines.

O. R. & N.
claim share
in subsidy
paid by Nor-
thern Lines
to Southern
Lines.

The suggestion of Mr. Muir not being received with favor, he desired his objection noted to the adoption of Section VI, unless it provided for the point raised by him.

Section VII. Adopted.

Section VIII.

An objection was raised by Mr. STEBBINS and others to the exclusion of business for Mojave, Yuma and Roseville Junctions proper.

Mr. RISTINE was willing to include Mojave, if it were made a California common point.

After some discussion the point was passed, and the Section adopted.

Section IX. Adopted.

Section X. Adopted.

Section XI. Adopted.

Section XII. Adopted.

Section XIII.

Upon Mo-
jave busi-
ness proper.

Sec. XIII.
Questions
of General
Policy.

Messrs. RISTINE and MILLER desired their objections noted to the words occurring in the last clause, Section XIII, "questions of general policy."

Fruit Rates.

Mr. STUBBS—The members are no doubt all advised as to the matter of Memorial of the California Fruit and Grape Producers. The Central and Southern Pacific Companies think we ought to modify these rates—think they ought to be reduced. I would like to have the matter considered. I had no idea in presenting this matter that the Association would take it up to-day and attempt to change these rates, but thought they might agree to leave it in the hands of the Committee in connection with the Acting Commissioner.

Mr. MILLER—I think that would be a good idea, provided we adopt the Agreement.

It was agreed to refer the formulation of the Fruit Circular to the proper officers, Pacific Coast Terminal Lines, and the Commissioner.

Debate up-
on the adop-
tion of the
Agreement,
and upon
objections
noted.

The COMMISSIONER—I would like to know whether the members are disposed to accept Mr. Kimball's report or not. The report has been duly submitted, section by section. No action has been taken thereon. I think there should be some disposition made of this report before proceeding to further business.

Mr. MILLER—I move the adoption of the report of the Committee as read and approved by sections.

Mr. RISTINE—Several members are absent.

Mr. KIMBALL—With the understanding that the Agreement be adopted by this Association, subject to the concurrence of each member therein.

Mr. STUBBS—We all understand that the Texas & Pacific have to understand the subject, that the D. & R. G. representatives have left. There may be, however, some one here empowered to sign for them. I don't know whether we should commit ourselves, not knowing whether Mr. Goddard may mean to sign it or not.

Mr. RISTINE—We will all maintain it until we hear from all the parties in interest. I think that would be proper.

Mr. KIMBALL—Unless the Report of the Committee is adopted, all the actions that follow the provisions of that Agreement fail. We cannot go on with the Committees under the provisions of the Agreement. We cannot set the Arbitrators to work to fix our percentages. We cannot appoint the Commissioner.

Mr. RISTINE—Will you agree to allow the clause relating to “unanimous vote” to stand same as it was under previous Agreements? That would be one step towards it.

Mr. KIMBALL—Personally I am very much inclined to the principle that in an Association of this sort, any important action taken should be unanimous.

Mr. RISTINE—I think so myself. I do not dispute that.

Mr. STUBBS—You believe that any important action should be unanimous, yet you want the words “general policy” stricken out.

Mr. RISTINE—I say it does not define the matter clearly; it is confusing. I claim that the previous sentence covers it, “the adoption of any proposition that involves revenue.” That is all I ask. The Commissioner can decide whether a matter arising is a question of general policy or not. You can appeal to his decision, I do not object in order to be technical, or to take advantage of anything.

Mr. STUBBS—We want it declared that all important actions that affect the general policy of this Association shall be made only by unanimous vote.

Mr. RISTINE—Leave questions of general policy in, but take out the word “Special.”

Mr. STUBBS—I told you yesterday that I was willing to do so, but that when I did so, I would want recorded with my vote the fact that I should hold that any such scheme as the adoption of a Contract Plan, for example, a committee

Unanimous
and majori-
ty votes.
Questions of
General
Policy, etc.;
debate
thereon.

to go down East and negotiate with connecting lines to make Special Contracts, and then putting the authority to make these Special Contracts in the hands of the Commissioner would not come under the head of the rate-making power which could be governed by a majority vote.

Mr. RISTINE—Suppose we concede on that one point.

Mr. STUBBS—I simply gave that as an illustration. Another point I made was this. In order that the Association may fully understand it, the changing of the Tariff from Chicago, altering the ratio of the Chicago rates to the New York rates, would be a question that ought to be decided by unanimous vote, and not by a majority vote. Another illustration I gave was, that the changing of the relations of Chicago, St. Louis and New Orleans, I regarded would be one of general policy, Mr. Hannaford very quickly expressed himself that the question of renewal of the Spreckels Contract, which involves not only the question of making a freight rate East-bound, but also the question of what should be done West-bound, and where there was a consideration given—that he would hold as requiring a unanimous vote. I think he is right.

Mr. RISTINE—I think so. If that rate is to be conditioned upon a prohibitory rate from the East, it is a question of general policy, undoubtedly. I should hold that myself.

Mr. STUBBS—In so far as the bearing it may have upon the Association goes, I do not care that these views of mine should be a matter of record, because if we were to take the word "special" out, and the question came up, you, holding as I understand you do, that a change of the General Tariff from Chicago could be made by a majority vote, I should object, and we would have to have a ruling, and I would take my chances then; but I want the Association clearly to understand what they are voting for when they vote for rate-making power by a majority.

Mr. RISTINE—There will always be a question as between rates and revenue. All we want is a precedent. I pre-

sumed that intent was a very important feature, but I should certainly say, for instance, suppose the Texas & Pacific is made entirely independent of the Missouri Pacific, and the balance of the Association should desire to change the rates from the Missouri River, put them on a different basis, they not running to the River could block the whole game. I say that is wrong.

Mr. STUBBS—Very well, you have no right, neither have I, to assume that one member is going to be an obstructionist, that he objects to a proposition in that sense. The right principle would be to assume that there are reasons which proceed from the interest of his Line that cause him to object to it, and if we concede that and go upon that principle, we have every reason to believe that a reasonable proposition, or the proposed changing of a rate which will have the effect of increasing rather than reducing the revenues of this Association, will secure a unanimous vote, and I do not think we have anything to fear. With the experience I have had I would be perfectly willing to make it all subject to unanimity, the rate-making power and special rates too. I would be willing to do that. I do not think, however, it would be necessary; do not think it would be expedient. It might very often prove a cause of delay. Suppose we do take out the word "Special," and the Texas & Pacific or even the D. & R. G. Western, (that has the smallest interest in the Line), should object to a certain rate, and found the objection on good grounds affecting the interests of that Company, and the majority arbitrarily went to work and made that rate, did not give their interest due consideration, the effect of it would be to bring a notice at once, and the Association would immediately be in peril. The way we have our Agreement framed the minority controls this Association at any time, practically, under threat of withdrawal. With this statement as a matter of record, I am perfectly willing to strike out the word "Special."

Mr. KIMBALL spoke favorably to adoption of the unanimous principle in the government of the actions of the Association.

Excursions
East-bound.

Mr. RISTINE referred to the matter of Excursions east-bound, and thought the clause governing that matter should be qualified, admitting the running of Third-class Excursions.

Mr. SMITH claimed that the Excursion Agents in the South were all working in the interest of the Atlantic & Pacific Line, and that he had not been able to secure any of that business. He stated his inclination to keep out of the Southern Territory, as far as the Third-Class East-bound Excursion business is concerned, leaving it to the Ticket Agent at Los Angeles to divide the business equally. He thought if Mr. Ristine was allowed to go into that territory and run the Excursions in question, through Excursion Agents acknowledged to be his men, it would put the Texas & Pacific to the expense of going after the business, and the result would be a demoralization of the whole business in the South.

Mr. STEBBINS—As far as the working up of the business is concerned, each Line has the same opportunity for putting agents in the field as the others have. This question, however, should be considered on the ground of benefit to the entire Association. Mr. Goodman can tell more about the effect of these Excursions in the past than anybody else here; but so long as there is so great a difference between our First-class rates and our Third-class rates any encouragement that is offered to the Third-Class Excursion business tends inevitably to draw away business from our First-class trains.

Mr. RISTINE—Why don't you work consistently on that? I had more trouble during my administration as Commissioner with your Company upon this very proposition than the members are generally aware of.

Mr. STEBBINS—I do not think we have done as much of that as some others have done. At least, I have never heard of it.

Mr. RISTINE—I do not desire to open the door, but merely wish to take care of occasional parties.

No action was had upon the objection of A. & P. to Excursion clause.

Mr. STUBBS—I would like to ask how this matter stands? Suppose we should agree among ourselves, those who are here to-day, upon the adoption of this Agreement. Then it has to go to the Atchison to secure the approval of that Company, or be coolly set in the shades of the Topeka office, to be sat upon and objected to without any opportunity on the part of the others to answer their objections or to urge their specific views.

Mr. RISTINE—I think it is very probable that no difficulty will be experienced. Mr. Goddard may, perhaps, send notice of one or two corrections or modifications which he may desire made before he consents to it.

Mr. STUBBS—That is what I fear. If Mr. Goddard urges objections that I cannot approve, I want to have a chance to see if there is any opportunity of changing his views.

Mr. RISTINE—Have it distinctly understood. Pass a resolution here that the Agreement is to stand as presented and printed, that it be submitted to all members, and should any of the members object to any portion of it, they shall fully and clearly explain such objections. Everything in its connection to obtain and hold in the interim, and be religiously maintained in all respects, the same as if the Contract was signed.

Mr. STUBBS—It will take three or four weeks to get this thing settled. In the meantime we cannot provide for reference to arbitration. Who can put in a statement to-day? We have no Association—no Agreement. Why cannot you put in a telegram to Mr. Goddard and ask him whether he will consent or not? We have made no radical changes.

Mr. RISTINE—Mr. Kimball is going to Denver, and will in all probability see Mr. Goddard on Monday. I will agree to anything Mr. Goddard agrees to.

Upon the ultimate signing of the Agreement.

Mr. STUBBS—That will further complicate the matter; while on the other hand, I feel if you should say, "I will do this," that he would also do it. With the close relations between your lines it looks to me like procrastination and delay. He ought to have stayed here yesterday, and helped to see the thing through. We will agree to strike the word "Special" out (speaking for my own interest), you agreeing to take under advisement the question whether you will adopt a rule providing for unanimous vote on everything.

Mr. RISTINE declined to commit himself definitely until he had placed the matter before Mr. Goddard, as he proposed to vote jointly with him upon the several propositions.

By Mr. RISTINE—I move—

That the Agreement as presented by the Committee be forwarded to the absent members with a request that they signify their assent thereto (by wire if necessary), to the Commissioner by February 1st, and that in the meantime the Agreement be carried out as printed by the Commissioner in every particular, and be binding upon all members until all are finally heard from.

Not seconded.

Mr. STUBBS—You are unwilling to agree to this thing to-day, but hold your approval subject to the A. T. & S. F. and T. & P. I want to know whether you are willing to agree to it to-day.

Mr. RISTINE—There is no "nigger in the wood pile" in any way. I say there are three or four members that are absent. There are two or three things in the Agreement as it stands that Mr. Goddard and myself talked over, and that I doubt very much if he will subscribe to, but if he will, I will.

Mr. STUBBS—Are you willing to go through it with us here to-day and say what you will agree to and what you will not agree to?

Mr. RISTINE—I will carry out the terms of the Agreement in every particular until the other members are heard from.

Further discussion.

Mr. STUBBS—I want to do this: That we shall agree among ourselves, if it is possible, and that then you shall telegraph Mr. Goddard, knowing as you do what his points of objection are, if any, saying how you have agreed to settle upon them, and ask him to telegraph his assent, which will give it to us by Saturday. I said that we did not want this Agreement to go down to Topeka, where it might be criticized and objections made to it, and we have no opportunity to answer them.

Mr. RISTINE—I will telegraph Mr. Goddard, and give him all the different points.

Mr. STUBBS—You will vote for that Agreement if we take out the word "Special," and you further will take under consideration the unanimous vote proposition and the other objection?

Mr. RISTINE—There is nothing else other than the Excursion matter which I can recall. Mr. White was very emphatic on that point. I do not want to be placed in a position where the Santa Fe might say "Yes" to one thing and we say "No" to another.

Mr. STUBBS asked if Mr. Ristine would not subscribe to the Agreement with the modification as suggested?

Mr. RISTINE—I say that I will take up the different points with Mr. Goddard. I am not going to insist very strongly upon the Excursion clause.

Mr. STUBBS—But you decline to take up the Agreement and vote upon its adoption?

Mr. RISTINE—I have expressed myself.

It was ordered that the word "Special" occurring in third line, fifth clause, Section XIII, be elided.

Mr. KIMBALL—We all understand what we are voting on now. Let us have a roll-call upon the motion I made to adopt this Agreement, and discharge the Committee.

Motion to
adopt
Agreement,
and vote
thereon.

By Mr. KIMBALL:

I move the adoption of the Agreement as read.

Seconded by Mr. STUBBS.

The vote stood as follows:

Ayes—A. & P., B. & M., C. P., D. & R. G., D. & R. G. W., G. H. & S. A., N. P., O. R. & N., S. P., T. & P., U. P.—11.

[NOTE.—Mr. Ristine's vote, account of A. & P., was recorded in the affirmative, with the understanding that the Atlantic & Pacific Company does not in any way commit itself, or change its Contracts or Agreements with the Southern Pacific Railroad Company, and also conditioned upon the acceptance of the Agreement by the Atchison Company. Mr. Miller's vote account D. & R. G. and D. & R. G. W. were subject to the approval of their respective Receivers. Mr. Hannaford's vote, account O. R. & N. was made with the following remarks: "Mr. Muir authorized me last evening to vote aye, with the proviso that his Line would waive none of its rights to demand a proportion of the subsidy paid by the Northern Lines to the Southern Lines." Mr. Smith's vote account T. & P. was declared to be subject to the approval of the general officers of that company.]

Mr. STUBBS—It is the understanding that Mr. Ristine will communicate with Mr. Goddard at once this afternoon, on the train, and endeavor to secure a response from Mr. Goddard to the Commissioner as early as possible.

By Mr. HANNAFORD:

That the matter of Special Contracts be left in the hands of the Committee, to be taken up at their earliest convenience.

Seconded by Mr. KIMBALL.

Adopted.

Adjourned.

NOTE.—The following telegraphic correspondence occurred prior to the adjournment of the meeting:

"RICHMOND, Va., Jan. 21.

Thos. L. Kimball, J. M. Hannaford, J. C. Stubbs, J. F. Goddard, Executive Committee, T.-C. Association :

Your telegram received last evening. A true surprise. Where will head-

quarters be, and what length of time will engagement cover? With this information will consider proposition, and give definite answer early next week.

The generous action of your Committee gratefully appreciated.

(Signed)

C. W. SMITH."

" SAN FRANCISCO, Jan. 21.

C. W. Smith, Richmond, Va.:

Present headquarters at San Francisco, and this point preferred. Your position guaranteed for one year, with decided probability it will be permanent.

(Signed)

THOS. L. KIMBALL,
J. M. HANNAFORD,
J. C. STUBBS,
J. F. GODDARD,
Executive Committee."

L. G. CANNON,
Acting Commissioner.









